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	EST. HWY.	EPA EST. MPG*	PASSENGER ROOM	TYPE OF DRIVE	PRICES**
DODGE ARIES K WAGON PLYMOUTH RELIANT K WAGON	**40**	**24**	**6**	**Front**	**$6,721**
Oldsmobile Cutlass Cruiser Wagon	30	21	6	Rear	$7,417
Chevrolet Malibu Wagon	26	19	6	Rear	$6,792
Pontiac LeMans Safari Wagon	30	21	6	Rear	$7,316
Toyota Corona Deluxe Wagon	37	25	5	Rear	$6,649
Datsun 810 Deluxe Wagon	34	23	4	Rear	$7,929
DODGE ARIES K SEDAN PLYMOUTH RELIANT K SEDAN	**41**	**25**	**6**	**Front**	**$5,980**
Chevrolet Citation 4-Door Hatchback	35	22	5	Front	$6,404
Ford Fairmont 4-Door Sedan	34	23	5/6	Rear	$6,151
Ford Granada L 4-Door Sedan	34	23	5/6	Rear	$6,633
Oldsmobile Cutlass 4-Door Sedan	27	17	6	Rear	$6,955
Chevrolet Malibu 4-Door Sport Sedan	26	19	6	Rear	$6,614
DODGE ARIES K COUPE PLYMOUTH RELIANT K COUPE	**41**	**25**	**6**	**Front**	**$5,880**
Chevrolet Citation 2-Door Hatchback	35	22	5	Front	$6,270
Oldsmobile Omega 2-Door Coupe	35	22	5	Front	$6,343
Buick Skylark 2-Door Coupe	35	22	5	Front	$6,405
Ford Fairmont 2-Door Sedan	34	23	5/6	Rear	$6,032
Ford Granada L 2-Door Sedan	34	23	5/6	Rear	$6,474
DODGE 024 MISER PLYMOUTH TC3 MISER	**50**	**30**	**5**	**Front**	**$5,299**
Ford Escort 3-Door Hatchback	44	30	4	Front	$5,158
Datsun 200SX 2-Door Hatchback	39	28	4	Rear	$7,189
Ford Mustang 2-Door Hatchback	34	23	4	Rear	$6,408
Toyota Celica GT 2-Door Liftback	37	25	4	Rear	$7,209
Chevrolet Chevette Hatchback Coupe	39	30	4	Rear	$5,255
DODGE OMNI MISER PLYMOUTH HORIZON MISER	**50**	**30**	**5**	**Front**	**$5,299**
Ford Escort 4-Door Liftgate	42	27	4	Front	$5,731
VW Rabbit L 4-Door Liftback—Gas Engine	42	28	4	Front	$6,520
Datsun 510 4-Door Hatchback	41	30	4	Rear	$6,639
Toyota Corolla Deluxe 4-Door Sedan	39	28	4	Rear	$5,458
Chevrolet Chevette 4-Door Hatchback	39	30	4	Rear	$5,394

*Use EPA est. mpg numbers for comparison. Actual mileage may differ depending on speed, trip length and weather. Actual highway mileage probably lower. CA mileages lower.
**Base sticker prices. Sticker prices differ in the states of CA, HI, NB, LA, NY, MA, WA, PA, MS. See your dealer for details. Standard equipment levels vary among cars. Destination charges, title and taxes extra. WSW tires $51 extra on Reliant/Aries, $52 extra on Horizon/Omni and $58 extra on TC3/024.
†EPA numbers applicable to Misers built after Nov. 17.

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Plymouth

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$551 less than Chevrolet Malibu Wagon.

Dodge Aries K Sedan/Plymouth Reliant K Sedan

$5980 STICKER PRICE
−430† LESS 7%
$5550

$854 less than Citation 4-dr Hatchback.

Dodge Aries K Coupe/Plymouth Reliant K Coupe

$5880 STICKER PRICE
−420† LESS 7%
$5460

$572 less than Fairmont 2-dr Sedan.

Dodge 024 Miser/Plymouth TC3 Miser

$5299 STICKER PRICE
−380† LESS 7%
$4919

$336 less than Chevrolet Chevette Hatchback Coupe.

Dodge Omni Miser/Plymouth Horizon Miser

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$812 less than Ford Escort 4-dr Liftgate.

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*Through 12/31/80 compared to 1980 model year sales through 12/31/79

†Discount allowance shown is off sticker price plus minimum destination charge

TIME

JANUARY 26, 1981 Vol. 117 No. 4 THE WEEKLY NEWSMAGAZINE

A Letter from the Publisher

Jimmy Carter used to say that scarcely an hour passed when he did not think about the hostages. The drama in Tehran has had a similar pull on the staff of TIME. Says Associate Editor Frank B. Merrick, who edited this week's cover story: "We started almost every week gearing up for a breakthrough." The roller-coaster crisis surfaced repeatedly in the pages of the magazine and was the subject of eight cover stories, including one on the Ayatullah Ruhollah Khomeini, who was named TIME's Man of the Year for 1979.

From the day of the embassy takeover, the hostage story posed special challenges for TIME correspondents and writers. Internal power struggles in Iran and the often conflicting claims of its leaders made conventional diplomatic analysis next to impossible. In Washington, normally loquacious sources were strangely silent. Says Gregory H. Wierzynski, State Department correspondent: "Policymakers all along the line have been uncommunicative—in part to preserve the integrity of their interlocutors but mostly because they were as frustrated and perplexed as we were."

Senior Writer Ed Magnuson

The main narrative this week was written by Senior Writer Ed Magnuson, who also wrote last spring's cover story on the aborted rescue mission. Contributor John Skow reviewed the events leading up to the final breakthrough, with assistance from Reporter-Researcher Richard Bruns. Using sources he developed on four previous trips to Frankfurt and Wiesbaden, Correspondent Lee Griggs kept close tabs on the preparations to receive the hostages in West Germany. In New York, a TIME reporter specializing in Persian Gulf affairs stayed in close telephone contact with sources in Tehran, ran a network of journalists there and monitored Iranian radio broadcasts. Says Magnuson: "It was a fascinating story, full of hard, fast-breaking news."

As the decisive moment neared, there was palpable relief that the hostage story seemed close to ending. "The past 14 months were loaded with events that broke unpredictably," says Washington Correspondent Roberto Suro. "I developed an almost paranoid sense that something major could happen at any moment." More than any story in years, the hostages tugged hard at journalists' hearts and patriotism. As Suro notes: "The old rule of 'No cheering in the press box' was difficult to observe." Indeed, few staffers could conceal a rooting interest. Says Washington Correspondent Johanna McGeary: "What Carter and his people have wanted most of all is the moment of declaring the hostages free. For one, I am glad they may have it."

John a. Meyer

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Managing Chemical Wastes

What the chemical industry is doing to improve waste-disposal methods

America's chemical companies have already invested hundreds of millions of dollars in safer, better waste-disposal methods. We'll spend over $2 *billion* more on waste-disposal facilities in the next two years. Here's how we're advancing the "state of the art":

1. Eliminating wasteful processes

We're redesigning manufacturing processes and improving efficiency. We're adding on-line treatment systems to neutralize, reduce in volume or change the nature of waste by-products. We're also using recovery techniques that let us recycle wastes back into the production process. One company, for example, is salvaging phenol, used to manufacture plastics, pharmaceuticals and other useful products.

2. Building secure landfills

Secure landfills have a barrier that keeps wastes from seeping out into groundwater and keeps groundwater from migrating through the landfill. Other features may include facilities for recycling liquids or a wastewater treatment unit to clean up liquids for safe disposal. Landfills—if *properly* designed, operated and monitored—are one of the best ways to dispose of many kinds of solid wastes.

3. Continuing industry commitment

We were finding ways to manage solid wastes long before the nation recognized the need for better waste-disposal methods. In fact, we already had much of the required waste-disposal technology and remedial strategies in place—or being developed—when Congress passed the Resource Conservation and Recovery Act of 1976, which sets forth strict waste-disposal guidelines.

4. Sharing knowledge and new technology

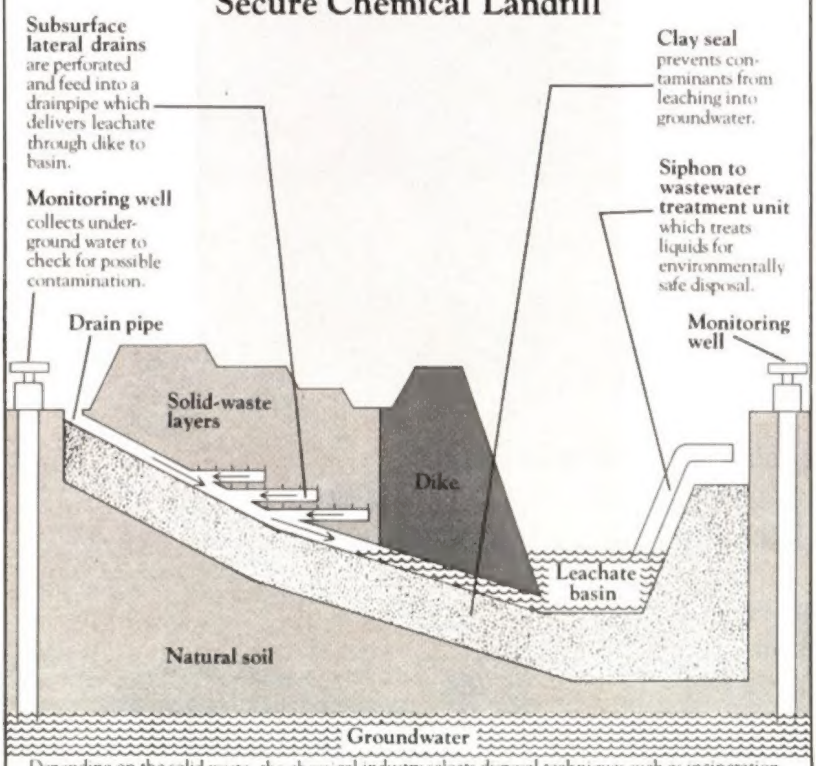
As we develop new waste-disposal techniques, we share our knowledge with industry, government and the public. In 1979, we began conducting a series of regional seminars that presented current techniques for solid-waste disposal. Individual companies may use videotapes, visual aids or other techniques to train personnel in waste-disposal methods.

5. Encouraging solid-waste exchanges

Sometimes one chemical company's wastes can become another company's raw material. Fluoride wastes from a phosphoric acid plant, for example, can be used by a company producing aluminum. So the chemical industry has encouraged the development of waste-exchange organizations, which develop and distribute lists of available wastes.

For a booklet that tells more about what we're doing to protect the environment, write to: Chemical Manufacturers Association, Dept. HT-101, Box 363, Beltsville, MD 20705.

Secure Chemical Landfill



Depending on the solid waste, the chemical industry selects disposal techniques such as incineration, by-product recovery, stabilization or secure landfill design to protect the environment.

America's Chemical Industry

The member companies of the Chemical Manufacturers Association

Letters

Man of the Year

To the Editors:

Congratulations on your choice for Man of the Year [Jan. 5]. Ronald Reagan brings a new philosophy, pride and confidence to our country, and will sweep away the gloom and doom that dominated the '70s.

Cecil Betz
Flintridge, Calif.

Having written and chastised you for having "honored" Khomeini as Man of the Year in 1979, I feel it only fair that I now write and compliment you on your choice of Reagan this year.

Esther Braslow
Ocean, N.J.

All Reagan actually did in 1980 was make promises. If winning the election was the great victory, then give the award to his campaign manager.

Arthur Camacho Jr.
Cisco, Texas

If Ronald Reagan is as successful in imparting "old values" as the life-styles of his four children seem to indicate, we liberals have little to fear. If their life-styles reflect old values, we are in for some far-out years.

James E. Walter
Akron

Your stories on Ronald Reagan give one a new insight on the man and particularly his mode of recharging. No one need ever worry about the inner calm of a man who cherishes such a retreat for himself. But why did Mayor Koch appear in PEOPLE astride the camel with Reagan's living-room rug?

Dawn Bailey
Boynton Beach, Fla.

How could TIME choose Ronald Reagan as Man of the Year over Poland's Lech Walesa? Walesa is the only person thus far to challenge successfully totalitarian Communism at its weakest point, human rights and freedom. He is risking his life and the lives of his wife and six small children.

Richard D. Germano
Carmel, N.Y.

The real Man of the Year is Robert Mugabe. He brought black majority rule to Zimbabwe in 1980, a feat that should not go unrecognized.

Dan Cuevas
Grand Junction, Colo.

The story on Reagan showed his boundless determination and tough tone toward the presidency, and gave me even more confidence in our next President.

Jeffrey Fischer
Trenton, N.J.

Images

I was disappointed to see no major cultural event represented in your "Images." Surely the Picasso exhibition at New York City's Museum of Modern Art was at least as important as Bjorn Borg, Genuine Risk or who shot J.R.

Ricardo Pau-Llosa
Miami

Although you summed up the events of 1980 fairly well, you failed to include Speed Skater Eric Heiden. With the five gold medals he won at Lake Placid, Heiden is a source of pride for America.

Daniel A. Boris
Fairfax, Va.

No single article or photograph has touched me so deeply as the picture of the tiny, shriveled, fragile hand illustrating the food crisis in Africa. The fight against world hunger has only begun.

Richard A. Phelps
Clinton, Mich.

Steve McQueen also died during 1980. Why was he omitted?

Lorraine Santora
Mastic Beach, N.Y.

"We the People . . ."

In your interview with Mr. Reagan, he says that "the Federal Government was created by the states." The Constitution does not proclaim "We the states," but, "We the People of the United States . . . do ordain and establish this Constitution." While the Reagan thesis had its supporters in the early Republic, the question is generally presumed to have been settled at Appomattox.

Arthur Schlesinger Jr.
New York City

Contrary to the claim of Mr. Reagan, Divine Providence is not mentioned in the U.S. Constitution. The authors of that document wisely intended to erect what Thomas Jefferson later called "a wall of separation between church and state."

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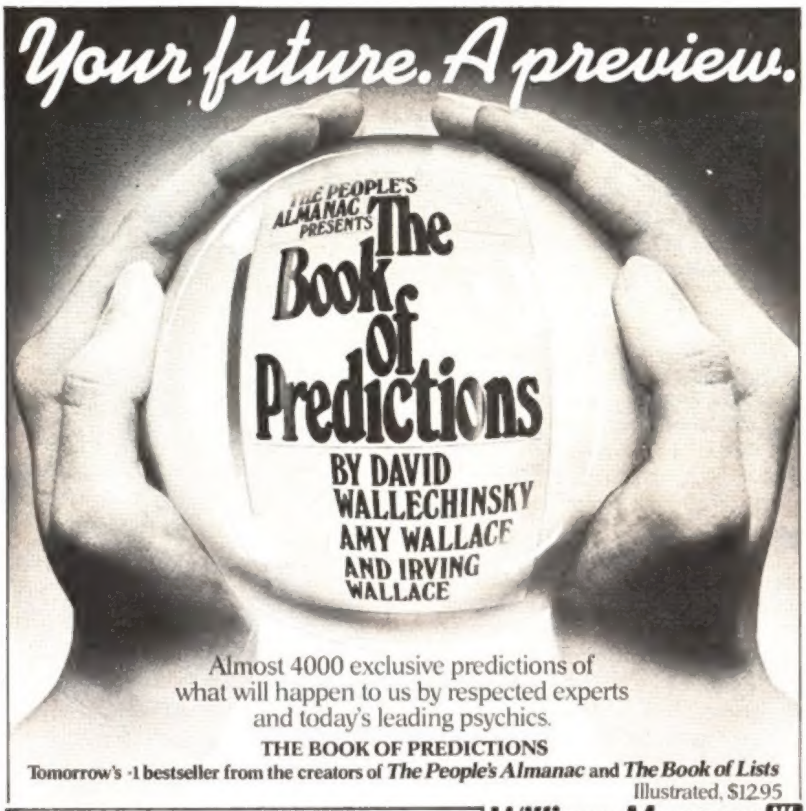

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Letters

Any attempt by Reagan to penetrate that wall will threaten an enduring principle of our Republic—that of Government's neutrality in religious matters.

David E. Harris
Birmingham, Mich.

No Corner on Violence

Reader Graham Morison from Scotland should come off his pedestal [Jan. 5]. The Yorkshire Ripper is a reminder that the U.S. does not have a corner on violence. The murder of John Lennon was senseless, but it is equally senseless to blame it on America.

Stephen DeDecker
Appleton, Wis.

Neighborhood Schools

Although the busing controversy is the prime mover in the formation of community schools, as described in your article "Keeping Them Closer to Home" [Jan. 5], the reason these alternative schools are flourishing is that they offer a better education than public schools. Consequently, the fear is well founded that an educational hierarchy may develop, with public education low on the ladder. The only way to avoid elitism in education is for the public schools to achieve as high or higher a level of learning.

Bob Jones
Campbell, Calif.

Some of the greatest, most dedicated teachers around are the survivors in the public schools. We have been displaced, disgraced and blamed for all of society's failures. Some day the public will recognize our worth.

Barbara Hopfinger
Canoga Park, Ill.

Oriental Cure

Your article "Folk 'Remedy' " [Dec. 29], about the Vietnamese custom of coin rubbing, recalls a similar incident that occurred when I was in South Viet Nam. The two-year-old baby of our Vietnamese housekeeper had a terrible cough, and I urged her to take the child to a doctor. The next day, I was horrified to see deep scratches on the youngster's back.

I then asked the mother to let a visiting American dermatologist examine the child. The doctor was not the least perturbed. Said she: "This baby was treated by a Chinese doctor, and will be well tomorrow." The child was. Since then I have often wondered why the American press never reported on this Oriental medical treatment, called "counterirritant."

Joseph W. Leinweber
Grosse Pointe, Mich.

Address Letters to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020

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Championship Backgammon in Chicago hosted by Black & White Scotch.

1. Jan Rudas shares her strategy and discusses the fine points of a back game with Tony Fernandez. **2.** Artist Onnik Hovanesian takes a break from the boards and enjoys a Black & White on the rocks. Onnik meets each of his opponents with a definite game plan, but championship backgammon demands flexibility and the ability to change tactics rapidly. **3.** Lord Rennell of Rodd, a leading backgammon player of Great Britain, maintains his initiative and moves confidently toward a win. **4.** Laurie Arnold makes the most of her 5-minute break watching others play and sipping Black & White. Her last opponent required a slightly longer break to recover from being gammoned. **5.** Renowned world event winner Joe Dwek of London always plays a fierce game that attracts an audience. Joe favors complicated positional situations. Complete concentration is all important. **6.** Robot "Scottie" is programmed to play (and win at) backgammon... his pranks were the talk of the tournament.

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In Wisconsin: Kicking the Kickapoo Habit

The village of Soldiers Grove (pop. 616), snugly settled in the white oak, pine and basswood hills of southern Wisconsin, is slowly coming awake again, like a patient after a successful heart transplant. In this case, the village is undergoing urban surgery. "Soldiers Grove's survival," boasts one resident, "has been a matter of gumption."

The town's business district, four square blocks of shops, bars and other enterprises, including a feed mill and a cheese factory, lay in the flood plain of the Kickapoo River. Five times in the past 75 years, the village was hit by devastating floods. After one, the citizens sent an arriving Red Cross contingent home. They would take care of themselves, they said. And they did. To thwart the rampaging river once and for all, they decided to pick up the whole business district and move it half a mile away and 55 ft. higher.

The old business district during 1978 flood that forced Soldiers Grove to move

That idea, though, was slow to be accepted. "This is the little town that could. And it almost didn't," says Architect Tom Hirsch. Along with Ron Swiggum, who lost his meat-locker business in the last flood, Hirsch is the man most responsible for making the move possible. Together the two argued with fellow townsfolk, filled out forms, wrote letters, badgering the Government to move the downtown district from here to there.

The Government's traditional answer to the kind of flooding that bedeviled Soldiers Grove is to build a dam or a levee. Both, at one time or another, have been ordered for the Kickapoo. But in 1975, after environmentalists complained about pollution from the proposed construction, these projects were stalled. At about the same time, studies began to show that the projected dam would not fully protect Soldiers Grove—or the other towns downstream from it—despite a price tag that topped $50 million. The annual maintenance of a proposed $3.5 million levee system would have doubled property taxes. Staying put was ruled out because state and federal laws restricted growth funds to towns in flood-prone areas. Since the entire business district of Soldiers Grove lay in the flood plain, the legislation was viewed by the inhabitants as a financial death warrant.

Even so, the idea of moving things like the post office and the bank away from the residential district disturbed older residents. Said Mabel Shepard, 79, who is ailing and confined to her home: "It's too far to go for groceries and the mail. I don't think it's a good idea." Mabel opposed the shift even though, back in 1951, she and her crippled daughter were pulled from their two-story house just before it lurched down the street, borne away on the current. Discussion raged. Some said another big flood might not come for 75 years. Others supported the idea of an expensive levee. It was the Kickapoo that had the last word. On the Fourth of July weekend in 1978, the river rose up and smashed through the valley, knocking down buildings, ruining crops and adding another glum watermark to the town's soggy history. Damage to the business district reached half a million dollars.

"That flood changed a lot of people's minds," says Hirsch. It also put the village in a catch-22 situation. President Carter obligingly declared Soldiers Grove part of a disaster area. But the town could not legally use disaster relief funds to rebuild on the flood plain. The only way out was to persuade the Federal Government to provide funds for relocation.

Swiggum and Hirsch lobbied hard. They also escorted Wisconsin Senator William Proxmire through the shattered area and convinced him that survival depended on Government help. Seven weeks later the Senator announced that $900,000 in discretionary funds had been pried loose from the Department of Housing and Urban Development to help move some homes and businesses. Soldiers Grove was on its way.

Only 22 of the village's 212 homes had to be floodproofed or moved. But 39 of the village's 42 commercial buildings were affected. Now, 27 months and $1.1 million in construction bills later, seven new buildings stand on the freshly graded ridge. Richard Turk's cedar-paneled IGA market has been selling groceries again. And Denis Daniels' glass store just opened for business. Bill Nicholson's garage has started repairing cars. Because Soldiers Grove's planners decided that while rewriting the rules on flood avoidance they might as well make an energy statement too, the resulting cluster of buildings, full of rough-cut wood, glass and aluminum, already suggests a marriage of Danish modern and granola Gothic. The town's new business section faces south to let huge, sloping solar collectors gulp in the sun all day.

One businessman happy with the move is Turk, manager of the IGA market. The village bought his old cinder-block store for $84,000, probably for use as a park shelter. Turk estimated that it would cost him $220,000 to build a comparable replacement. But on replacement construction the law provides for a ceiling of $50,000 above the fair market value of any commercial building, so Turk is financing a balance of $86,000 himself. "The solar panels didn't cost any more than it would have cost just to put plywood over that part of the roof," he says. Despite recent arctic temperatures, he hasn't needed to turn on his furnaces. "I've cut my heating bills by 100%."

Not everyone admits to being impressed. Ed Herbst, who used to own the *Kickapoo Scout*, the local weekly newspaper, complains that Government aid is too slow in coming. But then he pulls out a brochure describing, of all things, geodesic domes. There is just the tiniest gleam in his eye as he explains that he has been thinking, just possibly, mind you, of building "one of these things" for a new downtown tavern. Then Herbst recalls the old days. "There were times," he says, "when I had to put the paper out, standing in this much water." He holds his beefy hands about 2 ft. apart. "We built a platform like a raft to put the presses on so they could float."

—*By David Jackson*

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COVER STORY

Hostage Breakthrough

In his final days as President, Carter reaches agreement with Iran

Finally, after more than 14 months of false starts and faded hopes, the breakthrough that could end America's agonizing—and humiliating—hostage crisis came, as a dramatic climax to a pressure-packed week of high-level international bargaining. The evidence that the end was at hand could not have been more tangible: at Tehran's Mehrabad Airport, which was suddenly closed to routine air traffic, sat a Boeing 707 Algerian airliner, poised to fly the 52 Americans to freedom.

To be sure, a final agreement on the terms for release had not yet been signed by the U.S. and Iran. But the Iranians announced publicly that all of the major differences between the negotiators had been resolved. On Sunday morning U.S. time, Behzad Nabavi, Iran's chief hostage negotiator, declared: "The government of the Islamic Republic of Iran and the United States finally reached agreement on resolving the issue of the hostages today." In Washington, Vice President Walter Mondale declined to go quite that far. Said he: "We're very, very close, but we do not yet have an agreement." President Carter, who had been spending his last weekend in office at Camp David, helicoptered to the White House, where his speechwriters were at work on a major announcement. Carter went directly from the helicopter to his Oval Office. He first summoned Secretary of State Edmund Muskie to the White House. Then they called U.S. diplomats in Algiers for a briefing on the negotiations.

Everything seemed in place for an imminent end to America's most humbling experience since its withdrawal from Viet Nam. A team of Algerian doctors had flown to Tehran to examine the hostages. Some $2.2 billion in Iranian gold and currency had been transferred from New York to London so that it could be turned over to Iran within minutes of the Americans' departure from Tehran. A 30-member U.S. hostage recovery team, including former Secretary of State Cyrus Vance, was ready in Washington to fly to West Germany to meet the released hostages at a U.S. military hospital. Carter also considered going to West Germany to welcome the Americans.

Still, it would take an intricate series of specific actions to set the actual release into motion. English, French and Farsi versions of the final text of the complex agreements would have to be compared. Carter would have to sign certain papers and order certain actions for the U.S. Beyond the $2.2 billion positioned for delivery, European and American bankers apparently would have to transfer other funds before that Algerian airliner could take off. Once it was in the air with the Americans, Iran's leverage over any further cash deliveries would evaporate.

Despite all the evidence of a deal, some nagging specifics had to be worked out at the last moment. Iran's Nabavi termed them "trivial details." A U.S. State Department official said that the precise time at which both sides would begin to carry out the release terms still had to be decided, but he added: "For all practical purposes, there is agreement." U.S. officials expected the Americans to be out of Iran before Ronald Reagan was inaugurated. On a top-secret document in Tehran, Iranian Prime Minister Muhammed Ali Raja'i wrote: "Transfer scheduled for Tuesday morning Tehran time." That would be Monday night in the U.S.

If so, that would be a fitting consolation for Jimmy Carter, whose presidency became haunted by the hostage issue. His early restraint in handling Iran's affront to America's pride had at first earned him widespread praise for coolness under fire. But as months passed, public patience in the U.S. ebbed. The fiery failure in an Iranian desert of a U.S. military rescue mission symbolized the nation's frustration. In the end, the lingering hostage affair did much to ensure Carter's election defeat in November.

For the hostages, the confinement had been akin to an emotional sweatbox of unrelieved uncertainty over their ultimate fate. Would they be freed? Tried as spies? Executed? For their families at home, the months of recurring rumors of imminent release, fed by Iranian propagandists, had been painful too. Even on the verge of the actual release, noted Dorothea Morefield of San Diego, whose husband is consul general of the captive U.S. embassy: "Everybody's walking around with their fingers crossed." Said Susan Cooke of Memphis about her hostage son Donald: "I just want to grab him and hang on for dear life."

Her chance of delivering that hug was made possible by the patience and persistence of the outgoing President and his tireless diplomats. They labored through marathon meetings in Washington and Algiers, as other key actors in the drama, including turbaned Iranian clerics and pin-striped international bankers, met in London, New York, Tehran and Washington. As the negotiations intensified, the gulf between the U.S. and the ever unpredictable government of Iran, ruled by the Ayatullah Ruhollah Khomeini, an 80-year-old mystic leader, had looked too wide to be breached readily.

Deputy Secretary of State Warren Christopher and other key U.S. negotiators and aides had flown to Algiers two weeks ago on an Air Force Boeing 707. They expected to stay in the U.S. embassy compound, on a hill overlooking the Bay of Algiers, for only a few days. Their mission was to be on hand to give Algerian diplomats, who were acting as intermediaries between the U.S. and Iran, a quick response to any questions raised in Tehran about the U.S. offer.

First relayed to Tehran by the Algerians on Jan. 2, this proposal placed the value of frozen Iranian assets at about $9.5 billion. Iran had claimed that it had some $14 billion deposited in U.S. banks and their branches in Europe. Of the $9.5 billion, the U.S. was willing to transfer up to $5.5 billion to Iran on the day the hostages were released. Iran would be able to recover another $1.8 billion once it had worked out separate arrangements with U.S. banks from which the Iranian government, under the Shah, had borrowed most of the money. Iran had never repudiated these loans and had been making repayments until the U.S. froze its funds. Then the American banks declared the loans in default and repaid themselves from the frozen assets. Under U.S. Government prodding, the banks apparently were willing to reinstate the loans, if Iran agreed to reassume the obligations, and then relinquish their claims against Iran's deposits. That still would leave about $2.2 billion in Iranian funds in the U.S. This amount is tied up in suits filed by various U.S. corporations, which contend that Iran owes them money for breaches of contract and expropriated property. The Carter Administration offered to go into court to get these claims dismissed and settled instead by an international arbitration panel.

As Christopher worked in U.S. Ambassador Ulric Haynes Jr.'s residence, a

While officials monitored developments at the White House, Warren Christopher dealt with intermediaries in Algiers

Roddey E. Mims

Algerian Leader Chadli greeting Christopher at the presidential palace

The American and British legal and financial

stately 18th century Moorish villa, he had no way of knowing whether Iran would accept the lower American estimate of its frozen assets, or whether it would insist, as it had before, that the U.S. must turn over some $10 billion as a down payment on whatever it can recover from the late Shah's reputed assets in the U.S. The Administration, which contends that the Shah had no such huge wealth in the U.S., had proposed instead to try to identify any of his properties in America and support Iran's legal claims against them. Another hurdle loomed high: none of Iran's quarreling factions wanted to get tagged at home as having compromised with the U.S. Thus the Algerians became increasingly important as a third-party buffer, arbitrator, or "guarantor," as some Iranian officials conveniently termed them.

For the American team in Algiers, the week did not begin auspiciously. It snowed on Monday—a rarity in the city. Nor did the pace of the negotiations seem hurried. Christopher had time to pay a courtesy call on Algerian President Benjedid Chadli and later met visiting Foreign Minister Hans-Dietrich Genscher of West Germany over drinks before holding a 75-minute working session with Algerian Foreign Minister Mohamed Seddik Benyahia.

In Tehran, however, things looked briefly brighter. Officials there had portrayed the latest U.S. proposals as "Algerian" statements, which presumably would make them easier for the Iranian populace to accept. Azizi, Iran's second-ranking spokesman on the hostages, declared that points raised by the Algerians "have been considered, in principle, acceptable," and he predicted that they would "most likely be accepted by the Iranian government." After talking to Christopher by telephone, Carter said cautiously in Washington: "It looks better, but I can't predict success."

But on Tuesday, the rising spirits sagged once again. Iran's chief hostage negotiator, Behzad Nabavi, had urged the Majlis, the Iranian parliament, to take emergency action to pass two bills that would expedite settlement of the hostage issue. One would authorize arbitration of disputes involving Iranian assets in the U.S. The other would nationalize all assets of the late Shah, thus making Iran's claims to his property more legally defensible. But when the Majlis met to consider the two bills, a required quorum of the twelve-man Council of Guardians, a group of six clerics and six laymen who determine whether the parliament's actions conform to Islamic law, was not present. American diplomats feared that Iran's hard-line clerics had boycotted the session to block any agreement.

Still, the Christopher party stayed on in Algiers. While Christopher's staff worked in the embassy offices, he remained more secluded in the Ambassador's residence. Despite the air of calm, something seemed to be happening. Up to 40 cables a day labeled FLASH (meaning top priority) clattered into the State Department from its envoys in Algiers.

With little public notice, a judge in Switzerland, responding to claims lodged by Swiss lawyers representing Iran's central bank, ordered the Shah's villa in the ski resort of St. Moritz to be held under a writ of attachment barring its sale or alteration. The Shah had paid some $2 million for it in 1968. Iranian officials claimed that they have gained similar court sanctions against 13 other assets of the Shah's family in Switzerland, including a $440,000 Geneva apartment owned by Princess Ashraf, the Shah's sister.

On Wednesday, Iran's erratic parliament finally provided a public flash of decisive action that illuminated the long hostage tunnel. Now members of the Council of Guardians settled into their front-row, red leather seats to observe the historic four-hour debate. Ostensibly at issue was the outside arbitration bill, but the real quarrel was over whether to resolve finally the hostage problem.

The advocates of ending the affair portrayed the pending agreement—inaccurately—as a complete capitulation by the U.S. "Politically, we have got a fantastic victory," claimed Nabavi. "A superpower has been pushed to the conclusion that it promised not to interfere in Iranian affairs any more. We have made such a great power confess and put it to paper." Summed up Nabavi: "The hostages are like a ripe fruit from which all the juice has been squeezed out. Let them all go."

Still, there were catcalls and jeers as the argument raged on. "Is this the end of the revolution?" asked Amin Nasseri, an opponent of the bill. "Don't we say there is no difference between Carter and Reagan?" Hassan Ayat, an Islamic fundamentalist, raised a flurry of detailed questions in objecting to the pending agreement. The tart-tongued speaker,

experts arrive at the U.S. embassy in Algiers

U.S. Air Force hospital in Wiesbaden, West Germany, where hostages will be taken

Hojatolislam Ali Akbar Hashemi Rafsanjani, asked anyone who agreed with Ayat to stand up. No one did. Scoffed one supporter of the legislation: "This Mr. Ayat thinks he is the scholar of all the parliaments in the world. The things that he is talking about, all these small details, it means months and months we can sit in parliament."

At long last, the lawmakers were ready to end the months of inaction and delay. Argued Hojatolislam Mahallati in backing the bill: "We have let the government start negotiations with a third country and we cannot go against the government." The majority seemed to side with Nabavi when he contended: "We have rubbed America's nose in the dirt. The government wants to get rid of the problem in the next two or three days—either freedom or a trial."

The arbitration bill was passed, but action on the less urgent measure nationalizing the Shah's assets was postponed. The Guardians filed out of the assembly, met solemnly in private and emerged to declare the legislation to be in keeping with Islamic law. Learning of the decision, U.S. State Department Spokesman John Trattner said only: "It's a step in the right direction." Also dampening any euphoria, Secretary of State Edmund Muskie suggested that the Administration would work at the problem right up to the moment that Reagan is inaugurated. "The real deadline is the 20th, not the 16th," he told reporters, thus abandoning an earlier publicly stated termination date for positive action by Iran.

By Thursday, however, the impression of substantial new progress could not be concealed. In Tehran, Iranian Prime Minister Muhammed Ali Raja'i looked drawn and uneasy as he and Nabavi walked into an austere two-story house in Jamaran, a village north of Tehran, presumably to advise Khomeini of the parliament's action, the latest offers from Algeria and a proposed Iranian response. Raja'i emerged much more relaxed and cheerful. He had received the Ayatullah's consent to send a positive reply. Not only were the negotiations now rushing toward a likely conclusion, but the worried Prime Minister no longer could be accused of selling out to the Americans. He had Khomeini's blessing.

It did not take long for the Algerians to relay the Iranian response to Christopher. Even as he began studying it, a copy of the four-page text was rushed by coded radio communication to the computer printer near Secretary Muskie's office on the State Department's seventh floor. Muskie, however, had just gone off to make a luncheon speech to the World Affairs Council. On his return, he read the message slowly, picked up a telephone to summarize the cable first to the President and then to National Security Adviser Zbigniew Brzezinski. With that, Muskie returned calmly to another problem: an interdepartmental squabble over U.S. policy in El Salvador. Said a surprised aide: "He showed no emotion."

The Administration's initial public response was equally low-key. The Iranian reply was "substantive," said State's Trattner. "It warrants close and intensive study. We cannot yet predict whether it will enable the parties to resolve their remaining differences." In fact, the reply was more constructive—at least on its face—than U.S. diplomats had expected. Observed a senior State Department official: "The response included provisions that are advantageous. They offered prescriptions for dealing with the banks that are improvements over our positions."

The Iranians had by now dropped their previous demand that specific sums be set aside as a guarantee against failure by Tehran to locate and recover the assets of the Shah. Tehran's response also raised no major objections to U.S. estimates of the amount of Iranian funds that had been frozen by Carter and that should be made available to Iran once the hostages were released. The reply, moreover, showed a willingness to work with American banks in resolving differences over Iran's past loans. The text suggested that "past and future loan installments" could be deducted from any hostage-linked return of Iranian assets. Apparently anticipating the possible need for future borrowing, the Iranian officials seemed eager to regain a good credit relationship with American bankers.

There were some refinements of Iran's cash demands, however, in the message. It asked for immediate transfer to a trusted third party of roughly $2.2 billion in Iranian gold and securities held by the Federal Reserve Bank of New York. The gold weighs nearly 60 tons. Iran also wanted the return of the estimated $4.8 billion in Iranian funds that American banks hold in their branches in Europe. When these funds were frozen, the U.S. banks seized about $1.8 billion worth of "setoffs" against past Iranian loans—an

action that was technically illegal under international currency laws. The Iranians agreed to leave enough on deposit in foreign branches of U.S. banks to cover the loans, deferring a final settlement until the hostages are home. Iran also agreed that about 300 private claims by U.S. corporations against some $2.2 billion of its assets held in a variety of U.S. banks can be reviewed and settled by an international tribunal. From its original demand for some $24 billion, Iran thus had reduced its asking price to $9.5 billion and was insisting on getting a down payment of just $5.2 billion on the day the Algerians confirmed that the hostages had been released.

All that looked relatively simple in principle, but the technical details were still complex. Iranian negotiators and U.S. banks disagreed on the amount of the loans and the interest accrued by the frozen Iranian deposits. Anticipating such knotty problems, representatives of the U.S. banks that hold the largest amounts of Iranian cash, including the Bank of America ($1.8 billion), Manufacturers Hanover Trust Co. ($416 million) and Chase Manhattan ($369 million), had been meeting quietly in New York and London for several days. Consulting with them were officials of the Bank of England and the U.S. Federal Reserve System. Once they heard the outlines of the latest Iranian proposals, twelve of them flew immediately in a U.S. Air Force jet to Algiers to help advise Christopher and the Algerian intermediaries.

Back in Washington, White House Adviser Lloyd Cutler left a farewell party at which he was co-host for President Carter at the F Street Club and went to the office of Deputy Treasury Secretary Robert Carswell. From 11 p.m. Thursday until 2 a.m. on Friday, the two worked on ways to speed the transfer of funds. Carswell was back in his office at 7 a.m., talked to Christopher by telephone, then rushed off to a 7:30 a.m. breakfast at the White House. There, in a meeting described by one participant as "unusually upbeat," the President approved an order to "pre-position" some of the Iranian money.

The first actual shifting of assets took place a few hours later on Friday morning. Acting on a transfer contract signed by Treasury Secretary William Miller, officials placed a label on some 4,000 gold bricks stored in a federal building in Manhattan, denoting the Bank of England as the new owner. Simultaneously, other new labels in the Bank of England switched an identical amount of British gold into U.S. possession under instructions that it be ready to turn the gold over to Iran once the hostages were free.

At about the same time, Carter ordered the New York Federal Reserve Bank to begin converting the $1.2 billion in U.S. Treasury securities owned by Iran into cash. Although this process would normally require several days to accomplish, the U.S. could in effect simply loan itself the equivalent cash and then sell the securities later. All of the initial cash transfers were meant to show that the U.S. was acting in good faith—especially in view of the arbitrary deadline set by Iran's Nabavi, who mysteriously threatened to break off the whole deal if the Americans failed to take some concrete action by the end of Friday's business day. State Department officials viewed this as mostly a bluff, but could not ignore it entirely.

The movement of Iranian money from the various European branches could not be executed quite so quickly. Still, the task apparently could be handled mainly by telephone once each bank determined the precise amounts to be credited to Iran. Said a banker in Frankfurt: "All I need is a phone and a key to get in the front door. It's not a complicated thing." Most of the branches keep funds on deposit at their home offices in the U.S., and each bank's top officials apparently could order them transferred to the Federal Reserve System. The Fed, in turn, could order the funds held in escrow by the Bank of England. Iran seemed likely to trust the English bank, which had loudly protested the freezing of Iranian funds in the first place.

In a Friday filled with crisis-atmosphere meetings in Washington, London and Algiers, the money mechanics got the most intense attention. But at the same time an American response to the latest Iranian package was carefully drafted by Christopher after frequent consultations with Washington. It was sent to Tehran through the Algerians in time to be on the desks of Iranian officials on Saturday morning.

All day Friday, the White House tried to tread a narrow line between the obvious U.S. joy at signs of substantial progress and the still prevalent fears that something might yet go awry. Said Press Secretary Jody Powell in response to the barrage of inquiries: "It is certainly everyone's hope there will be an agreement, but it is not a certainty. We do not have an agreement yet. Once they see our response, if they agree with it, we will have an agreement." Conceded a senior White House official: "The outstanding issues are not questions of principle. Those have been resolved."

Speaker of the Iranian Parliament Rafsanjani, in white turban, at Tehran news conference

"The hostages are like a ripe fruit from which all the juice has been squeezed out."

Hopes for a quick agreement faded after the U.S. text reached Iran on Saturday morning. Prime Minister Raja'i canceled a scheduled press conference and a meeting with foreign ambassadors without explanation. He and Iran's top hostage negotiators then sent a request for clarifications, apparently on the money question, through the Algerians to Christopher. The Iranians seemed to be dissatisfied with the limited movement of cash and gold made by the U.S. Still, no insurmountable obstacles were raised anew by Iran. At the White House, Powell declared: "I am not aware of anything that changes the relative mix of optimism and pessimism."

With negotiations at such a delicate stage, the Carter Administration was outraged to find that the Soviet Union was trying to stir up new trouble for the U.S. with Iran. Powell and State Department Spokesman Trattner berated the Kremlin over a charge in the official Soviet newspaper *Pravda* that the U.S. was getting ready to use military force in Iran. On in-

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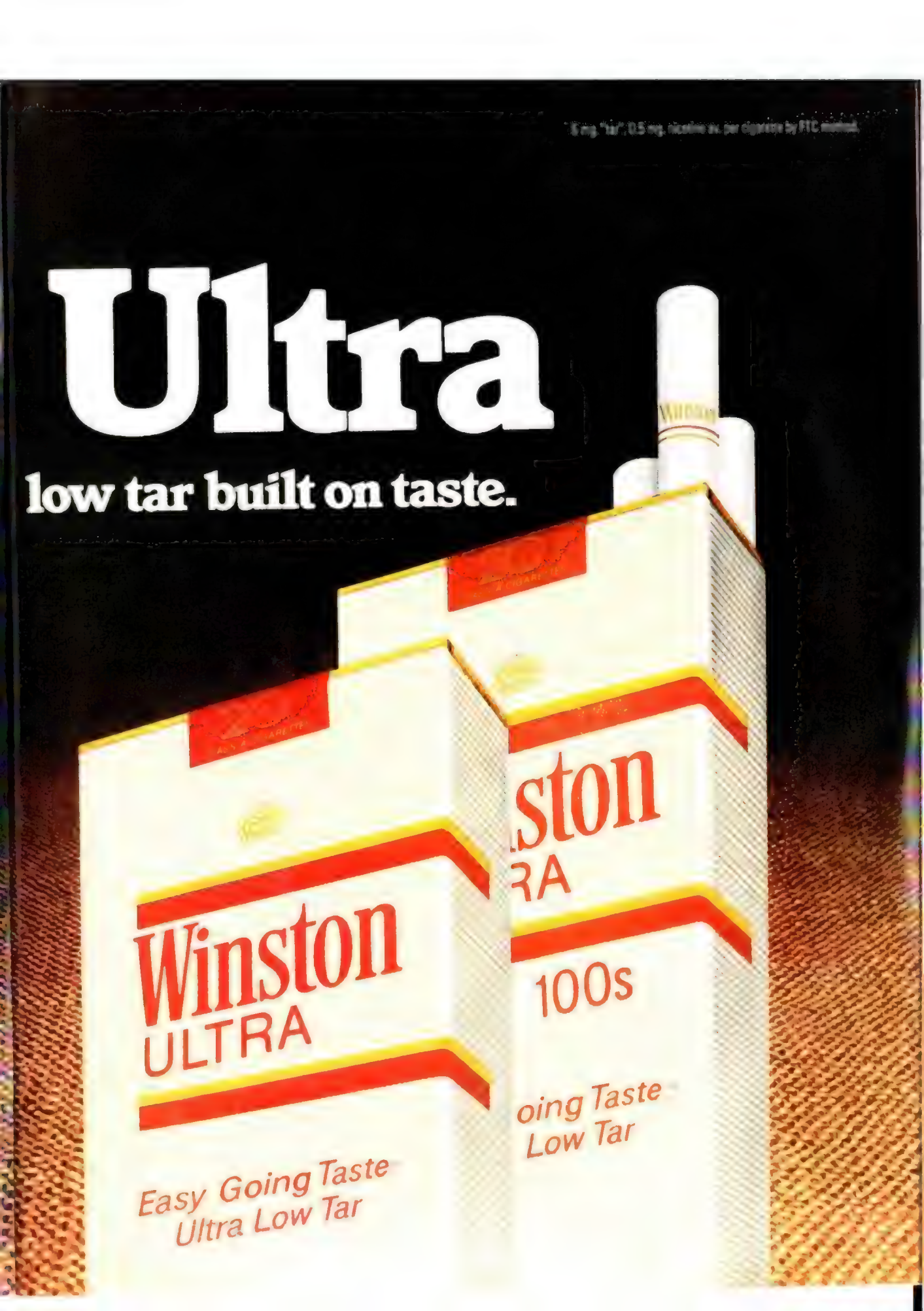

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structions from President Carter, Muskie took the unusual step of summoning Soviet Ambassador Anatoli Dobrynin for a scolding, terming the newspaper account "scurrilous propaganda" and warning that it could have "lasting effects on U.S.-Soviet relations." Speaking for Carter, Powell called the Soviet meddling "a despicable manner of behavior."

Meanwhile, the plans for carrying the Americans out of Tehran were being completed. In Tehran, where there has long been considerable public hostility toward the hostages, officials planned to move the Americans to the airport during the night, when there would be little traffic or crowds along the highways. The Algerian airliner, perhaps escorted by U.S. fighter planes, would take them to Algiers, thus confirming the Americans' release and setting the exchange of money into motion. Two U.S. C-9A Nightingale hospital planes from Rhein-Main Air Base in West Germany would then pick up the ex-hostages in Algiers for the roughly two-hour flight to Frankfurt, near the U.S. Air Force's 235-bed hospital in Wiesbaden, West Germany, America's best military hospital in Europe. Said a surgeon there: "Officially, we still don't even know if the

Hostage Wife Dorothea Morefield

hostages will be coming here. Unofficially, a wing is reserved, beds are made, fresh flowers are ordered, and we're expecting 52 new patients any day now."

The released hostages will be given thorough medical examinations, including checks by neurologists and psychiatrists. Said a specialist at the hospital: "We haven't heard of any major physical health problems. But long confinements, even in comfortable circumstances, can do strange things to people." Added a staff psychiatrist: "I'd like to see each of them sent back home just as soon as we're satisfied that they can handle what awaits them in the U.S." The doctors hope that the Stateside welcomes will be quiet affairs because they fear that some of the former captives might not be ready for emotional ceremonies or speeches.

The relatives of the hostages have been asked by the State Department not to travel to Germany. But if any of the Americans require long-term hospitalization, a 400-room hotel just outside the hospital compound is ready to house their families. Louisa Kennedy, a leader of the Family Liaison Action Group in Washington, says that most of the relatives have agreed to wait in the U.S. The State Department has promised that, within a few hours of their release, the freed hostages may telephone anyone they wish, anywhere in the world, at government expense. Hospital officials in Wiesbaden believe that the healthiest of the Americans might be ready to return home within 72 hours, setting off an emotional binge of welcome from Americans who have been waiting impatiently for the hostages' return for more than 440 days. *—By Ed Magnuson. Reported by Christopher Ogden and Gregory H. Wierzynski/Washington*

The Quiet American

During a trip to Pakistan last year with Zbigniew Brzezinski, Warren M. Christopher sat quietly by while the flamboyant National Security Adviser seemed intent on humiliating him. Brzezinski stuck so close to Pakistani President Mohammed Zia ul-Haq that Christopher did not even have a chance to present the Pakistani ruler with the official U.S. gift. While Brzezinski clowned and traded quips with the press, Christopher, whose boss, Cyrus Vance, was Brzezinski's bitterest bureaucratic foe, patiently studied his briefing books. Not once did he betray his annoyance. Staunch discretion and a willingness to let others take credit have been the building blocks of Christopher's career. Those qualities, say admirers, have made him an ideal chief negotiator for the Iranian hostage situation. Quiet and imperturbably dogged, he is the master of thankless tasks.

The son of a small-town banker, Christopher was born in Scranton, N. Dak., 55 years ago. As a teen-ager, he migrated with his family to California, where he earned a law degree from Stanford. He clerked for Supreme Court Justice William O. Douglas, then joined the prestigious Los Angeles law firm of O'Melveny & Myers. From the start of his legal career, Christopher was active in Democratic politics. He joined the 1958 gubernatorial campaign of Pat Brown, following Brown to Sacramento as his special counsel. He went off to Washington in 1967 as Deputy U.S. Attorney General. Assignments to help calm the riots in Detroit and Washington brought him into close contact with Lyndon Johnson's personal envoy, Cyrus Vance.

When Vance became Secretary of State in 1977, he lured Christopher back to Washington as his top deputy. "The two were like bookends," says one former colleague. Under Vance, Christopher handled more than his share of delicate diplomatic assignments, some of them at home. He was charged with rallying Senate support for the Panama Canal Treaties, for the sale of F-15 advanced jet fighters to Saudi Arabia and for the lifting of the embargo on arms to Turkey. He was also dispatched to Europe to explain Carter's decision not to deploy the neutron bomb, and last year's Olympic boycott over the Soviet invasion of Afghanistan.

While Vance concentrated on a few major concerns—the SALT negotiations, the Camp David accords—Christopher ran the rest of the State Department. Says Vance: "He really was in every sense an alter ego to me." Christopher intended to resign last April if he was not named to succeed Vance. In the end, however, Carter and the new Secretary, Edmund Muskie, persuaded him to stay on. For the past eight months, some observers assert, Christopher has been the Secretary in all but name, while Muskie has concerned himself chiefly with the public side of the job.

"Unflappable" is the word acquaintances most often apply to Christopher. His manner is methodical, even colorless, and his temper is seemingly nonexistent. That may be his greatest qualification for dealing with the mercurial Iranians. Says former Governor Brown: "I regard him as one of the ablest men I have ever met. He's diplomatic. He's skillful. He's fair." Carter paid a similar compliment last week in awarding Christopher the Medal of Freedom: "He is indeed outstanding." Privately, Carter added that he regrets not having named Christopher to succeed Griffin Bell as Attorney General in 1979.

The Deputy Secretary reportedly has had several lucrative job offers in recent months, but he intends to return soon to his old Los Angeles law firm. One key reason: an agreement with the firm's partners that he will have time for considerable *pro bono publico* work (cases undertaken gratis for the good of the community). It seems doubtful, though, that Christopher will ever handle a more important, more frustrating or more potentially rewarding *pro bono* assignment than the case of the American hostages.

The Long Ordeal of the Hostages

How vengeance and mutual incomprehension entangled two nations

The mob of surly shouters that formed outside the high walls of the U.S. embassy in Tehran that morning of Sunday, Nov. 4, 1979, did not seem at first to be unusually menacing. The Iranians chanted "Death to America," but demonstrations had periodically rumbled around the embassy before in the ten months since Shah Reza Pahlavi had been forced out of Iran by the Muslim revolution. In February, Marxist guerrillas had seized the embassy and held it for nearly two hours. That time, forces loyal to the Ayatullah Ruhollah Khomeini, in what now seems the sourest of ironies, came to the rescue of Ambassador William Sullivan and some 100 embassy employees. Since then the ambassador had left, dependents had been sent home, and the garrison staff that remained had grown accustomed to angry commotion in the streets.

The difference on Nov. 4 was that Khomeini was not a potential rescuer but the spiritual force behind the attack. Two weeks earlier, disregarding State Department warnings of certain reprisal by the Iranians, President Carter had permitted the ailing Shah to enter the U.S. from his temporary hideaway in Mexico to be treated for lymphatic cancer in a New York City hospital. The Ayatullah, then 79, a Muslim mystic and fundamentalist who despised the West and held the U.S. in special hatred for its long support of the Shah, had flown into a pious rage. At his headquarters in the holy city of Qum, 80 miles to the south of Tehran, he told student followers that the U.S. embassy was "a nest of spies" and "a center of intrigue."

The Sunday morning demonstration quickly turned into an occupation. Someone with a boltcutter opened a padlocked gate, and the mob flooded into the 27-acre compound. The Americans inside barricaded themselves in the fortified brick chancellery building, and Marine guards there held the doors shut long enough for officials to destroy some secret embassy documents. Then they surrendered and, with the rest of the Americans, were blindfolded and bound. Their captors identified themselves as students whose allegiance was to Khomeini. Their demand was that the Shah be returned to Iran.

So began the slow and cruel exaction of vengeance. As outrage flared in the U.S., President Carter denounced the occupation as terrorism and flatly rejected extradition of the Shah. Military intervention was also ruled out because of the delicacy of Persian Gulf oil politics, Iran's geography, the awkward truth that the U.S. did not have a commanding military presence in the area and—above all—the danger to the hostages. Their captors threatened executions at once if the U.S. made any military move to liberate them. Carter had no choice but to negotiate. He tried dealing with moderate Iranian Prime Minister Mehdi Bazargan, who seemed to be sympathetic on the day after the seizure of the hostages. Bazargan resigned his office in frustration the day after that, confessing that it was not his government but Khomeini and his followers who held power. Carter dispatched former Attorney General Ramsey Clark and former Foreign Service Officer William Miller to meet Khomeini, but before they could reach Iran, the Ayatullah announced that he would not see them.

In the streets outside the embassy, crowds massed each day to howl for the heads of Carter and the Shah. Within the compound the militants settled in for a long occupation, hectoring foreign reporters at press conferences and making a point of hauling garbage wrapped in an American flag. It seemed that they had not decided what to do with the hostages. Simply hold them? Shoot them? Or, as they threatened more often as the days went by, try them as spies?

With an inspired cruelty, the militants refused to say how many hostages they held, leaving in doubt whether any Americans had died in the takeover or had been killed since (in fact, there were no deaths). No one outside the embassy was really sure how many staffers had been in the compound when the siege began, and how many had been elsewhere in the city. Chargé d'Affaires Bruce Laingen and two aides had been in the Foreign Ministry on business when the attack began, and they were held there, sinking gradually in status from diplomats to captives. Their number brought press estimates of the hostage population to "about 60"; as it was determined weeks later, the actual figure was 66. State Department vagueness about providing a check list of staffers on the payroll Nov. 4 became understandable two months later, when the Canadian government smuggled home six Americans who had managed to slip away from the U.S. embassy during the confusion of the attack and taken refuge in the Canadian embassy. That gallantry was a rare occasion of unalloyed joy for the frustrated and furious American nation during the hostage agony. Not the least of the pleasure was the outrage of one of the militants at the embassy, who complained, "It's illegal!"

Iranians show their contempt for the U.S. after the embassy takeover

To Khomeini's followers, the compound was a "nest of spies."

Within a week of the embassy takeover, it was clear that the militants were acting with the approval of the stumbling revolutionary government, and President Carter began to retaliate. He stopped the delivery of $300 million in spare parts for the military arsenal bought from the U.S. by the Shah. Carter ordered the deportation of all Iranian students in the U.S. who were not complying with the terms of their visas, suspended imports of Iranian oil (4% of U.S. consumption), ordered the carrier *Midway* to steam from the Indian Ocean to the Arabian Sea, and froze $8 billion in Iranian assets deposited in U.S. banks.

The crisis was only two weeks old when Khomeini startled the world by ordering the release of eight black male hostages and five of the seven women held. (The two remaining: Elizabeth Ann Swift, the ranking Foreign Service officer in the embassy during the takeover, and Kath-

ryn Koob, director of the Iran-American Society.) The explanation he gave, that blacks suffer in the U.S. and that Islam does not make war on women, suggested that the release was intended to soften world opinion, not mollify "America, the mother of corruption." A short time later Khomeini was dropping hints that the hostages would indeed be tried (and "executed by firing squad," Deputy Chief Islamic Prosecutor Hassan Ghaffarpour added). Khomeini went on to say that the U.S. President "knows that he is beating an empty drum. Carter does not have the guts to engage in a military operation."

Such crowing kept the Tehran street mobs in a state of agitation and brought the U.S. populace to a mood of rising rage. Carter expelled most of Iran's diplomats from the U.S. in December, and asked the U.N. Security Council to impose economic sanctions on Iran. At the same time, he began to erode Senator Edward Kennedy's supposedly unbeatable lead in the pre-primary-season polls. It was a bad time to be an Iranian student in the U.S. and a good time to be a seller of flags. The citizens of Hermitage, Pa., put up a new flag in the local cemetery for every day of the captivity. Yellow ribbons were tied around trees—old, oak and otherwise—across the country. The White House Christmas tree was left dark except for the star on its top. Bales of Christmas cards were delivered to the hostages, and a group of American clergymen was allowed into the embassy to conduct Christmas services for them.

Meanwhile, the Shah, recuperating in Panama (Mexico had refused to readmit him), was beyond U.S. jurisdiction. In Paris, a nephew of the Shah was assassinated on orders of Ayatullah Sadegh Khalkhali, the revolution's hanging judge. In Iran and in the U.S., people were digging in for a long haul.

In the first weeks of the new year Iran expelled U.S. journalists for unfriendly reporting, and Abolhassan Banisadr, the country's new President, called the hostage crisis "a minor affair, easily settled." Banisadr, who had been Foreign Minister until replaced by the truculent Sadegh Ghotbzadeh, publicly doubted the wisdom of the hostage taking. Now he seemed to be saying, though without much consistency, that the hostages would be released after a five-member U.N. fact-finding commission released its report on the Shah's crimes and the U.S. met Iran's conditions: admission of guilt, recognition of Iran's right to seize the Shah and his assets, and a pledge of non-interference. Ghotbzadeh, on the other hand, was saying that Iran could hold the hostages "more or less forever." The militants repeatedly undercut the diplomacy of both officials. They listened only to Khomeini, who, hospitalized with a weak heart, decreed that the hostage issue would be decided by the Islamic parliament to be elected two months later, in May. The U.N. commission heard and saw grisly evidence of torture by SAVAK, the Shah's secret police, but was not allowed to see the hostages. Sick or not, Khomeini was stage-managing his media event, and he wanted all attention directed at the Shah's crimes, not at the suffering of the hostages. A cautiously worded letter from Hostage William Keough gave his family in Waltham, Mass., a glimpse of the captives' isolation: "We are not privy to news and consequently are unaware of what efforts, if any, are being exerted on our behalf."

Demonstrators gather outside the embassy in support of the militants inside

A crowd burns an effigy of the Shah

Iranian process servers demanded that Panama deport the gaunt and wasted Shah, who flew to Egypt at the invitation of President Anwar Sadat. In the U.S. at the beginning of April, President Carter called a dawn press conference to say that he saw progress in the hostage crisis—undetected by anyone else—and won the Kansas and Wisconsin primaries that day with a boost from his TV announcement. A week later, Carter ordered the remaining Iranian diplomats out of Washington and five other U.S. cities, imposed an economic embargo on Iran, and said that claims of U.S. firms against Iran

Bound, blindfolded and bewildered, a hostage is paraded by his captors

Two militants inside the embassy compound carry garbage in a U.S. flag

Ten captives, all blacks or females, shortly before their releas

Aircraft wreckage and a helicopter abandoned after the rescue attempt

Bodies of the U.S. airmen who died in Iran arrive in Zurich

Richard Queen with Muskie in Washington

Barbara Timm visits her captive son at the embassy

Anti-Iran rally at Seaside Heights, N.J.

Iranian Archbishop worships with hostages during their second Christmas in captivity

The U.S.

in late November 1979

Six Americans thank Canada for helping them escape

Richard Morefield receives Easter communion from an American priest

Marking the days in Manhattan

embassy, a year after the takeover

Flags in Hermitage, Pa.—one for each day of captivity

would be paid from that country's frozen assets. Khomeini said that Carter's moves constituted victory for Iran. In early-round elections for the Majlis (national assembly), Banisadr's followers did poorly, and hard-line right-wingers of the Islamic Republican Party predominated. Common Market Foreign Ministers, meeting in Lisbon, condemned the hostage taking but delayed until May the imposition of reluctantly agreed-to economic sanctions against Iran. Carter's mood remained grim; he imposed a ban against U.S. travel to Iran and hinted that little remained for the U.S. except military action. Mrs. Barbara Timm, mother of Hostage Kevin Hermening, defied the travel ban, flew to Tehran and managed to see her son, but was not granted the audience she wanted with Khomeini.

The hostage mess had turned brackish, and worse was to come: at 7 a.m. on Friday, April 25, Carter told the nation that a U.S. military raid to rescue the hostages had been aborted, leaving the burned bodies of eight servicemen behind in the Iranian desert. In the next days, Americans gloomily sifted the rubble of their hopes and the nation's self-respect. Why had three of eight Sea Stallion helicopters failed? What was wrong with our equipment, or our nerve? Had there been a reasonable chance of success or was Carter's raid an ill-advised act of desperation? Secretary of State Cyrus Vance, who had opposed any military rescue attempt from the beginning, resigned. Carter replaced him with Senator Edmund Muskie. In Iran, Ayatullah Khalkhali crowed over Carter's defeat, as authorities with knives picked at the bodies of the dead American raiders before television cameras. Iran and the U.S. haggled over the return of the bodies, parodying in a grisly way the endless dreary bickering, now six months stale, over the release of the hostages themselves.

The failed raid left the U.S. with few useful cards to play. It may also have been the moment at which the electorate, almost subliminally, began to harden in the view that Carter was hopeless. Yet he continued to roll over Kennedy in the primaries and went on to win renomination by his party. Republican Ronald Reagan continued to hammer away at the Administration's foreign policy failings without dwelling on the desert debacle. But it was becoming clear that Carter's handling of the entire hostage crisis was perceived by many voters as a disaster.

In Iran, Banisadr insisted that preoccupation with the hostages was preventing his nation from dealing with its own considerable troubles (30% unemployment, 50% inflation, low oil exports, a nasty border squabble with Iraq), but he could not persuade the newly convened Majlis to act. The summer dragged on. Ramsey Clark defied Carter's half-hearted travel ban and attended a conference in Tehran on "Crimes of America." The militants released Richard Queen, a hostage suffering

Secretary Muskie

Deputy Christopher

Adviser Brzezinski

Secretary Vance

from multiple sclerosis. On July 27 the Shah died, an event that months before might have been useful but now seemed almost irrelevant to the crisis. Richard Nixon was the only notable American at his Cairo funeral.

In early September, Secretary of State Muskie sent a letter asking for the hostages' release to Mohammed Ali Raja'i, the devout Khomeini follower who was Iran's new Prime Minister. The letter was the first direct communication between the governments since before the April raid. Khomeini replied, giving conditions for the hostages' release, and for the first time did not mention the necessity of an American apology. The Ayatullah demanded merely the return of the Shah's fortune, the unfreezing of Iranian assets, cancellation of U.S. claims against Iran, and a pledge of non-interference. But a day later, as the Majlis considered appointing a commission to study the hostage issue, the speaker of the assembly, Muslim Hard-Liner Ali Akbar Hashemi Rafsanjani, insisted that the U.S. apologize for its long support of the Shah.

Carter ruled out any admission of guilt in strong terms, but with the election campaign going poorly for him and with the outbreak of all-out war between Iran and Iraq over an old border dispute, there was severe pressure on both sides to end the hostage ordeal. Carter said that the U.S. was strictly neutral in the war but hinted that spare military parts might be delivered to Iran if the hostages were let go. Prime Minister Raja'i unexpectedly flew to New York and complained to the U.N. that Iraq's belligerence was inspired by the U.S. But the fact was that Iran needed its spare parts and its frozen assets, which Carter seemed ready to deliver. Despite eruptions from the fundamentalists, who still hungered for a spy trial, the Majlis voted on Nov. 2 to accept Khomeini's conditions.

That approval came two days before the U.S. presidential election (which was also, by another sour irony, the first anniversary of the hostages' seizure). The Majlis is too arrogant, chauvinistic and factional a body to have timed its crucial decision to help Carter, a man hysterically despised by Muslim fundamentalists in any case. But it seemed that way to campaign officials on both sides. Hours after the Majlis vote, early Sunday morning by U.S. time, hostage families were telephoned by the State Department and told to be prepared for a breakthrough. Many of them made ready to fly to Frankfurt and meet the hostages at their presumed arrival point, an Air Force base in Wiesbaden, West Germany. Then, as had happened so many times before, expectations sank back to earth. The Majlis said that the hostages would be released in groups as conditions were met, and Muskie rejected any piecemeal return. But Carter did agree in principle to meet Khomeini's four conditions, to the extent that they were consistent with U.S. law.

Carter: Determined to wipe out an obligation

After the wreckage of his election defeat—in Iran a day of public rejoicing over the anniversary of the embassy occupation—negotiation continued. A considerable difficulty, it was clear, would be the disentangling of the Iranian assets from legitimate claims already being pressed in U.S. courts. Weeks went by as progress seemed stalled again. DEATH TO CARTER slogans on the embassy walls were painted over. DOWN WITH REAGAN slogans were put in their place. Deputy Secretary of State Warren Christopher conferred repeatedly with Algerian go-betweens on the Iranians' fears and sticking points.

On their second Christmas in captivity, the hostages were manipulated by Iran's propagandists in a display that was both maddening and somewhat comforting for their relatives at home. TV films were transmitted to the U.S. over five days. Initially, only 16 hostages were shown, inspiring fear for the well-being of the others. Then ten more appeared. Finally 43 were counted, many reading messages to their families. Some of the Americans appeared wooden, some tearful, others more relaxed, but, understandably, the strain showed. More reassuringly, an Algerian diplomat claimed he had visited all 52 over the holiday.

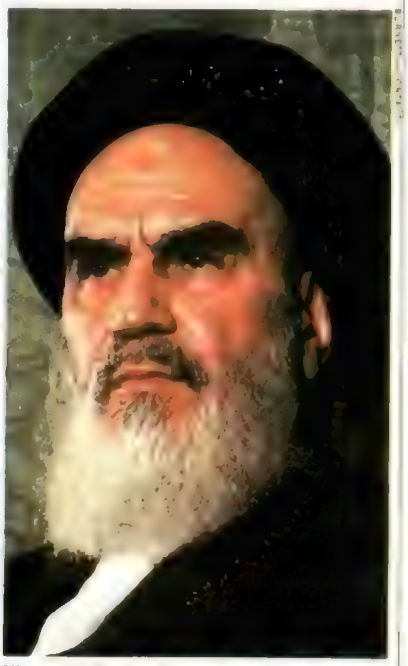
A weary Jimmy Carter remained stubbornly determined to wipe out his obligation to the hostages before he left the White House. Finally, he did manage to set the stage for ending the grotesque ritual of vengeance, frustration and mutual incomprehension that had done so much damage to each country. —*By John Skow*

President Banisadr

Ghotbzadeh

Prime Minister Raja'i

Speaker Rafsanjani



Khomeini: Ending the cruel captivity

Moving-Up Day For the Reagans

A week of Inaugural fun—and serious work as well

As movers packed up their belongings, the departing couple exchanged alternately jocular and tearful reminiscences with friends and neighbors at a series of farewell get-togethers. After a final embrace in the empty house that they had regretfully put up for sale, they boarded a plane for a flight to a distant city, where the husband plunged into a round of urgent business conferences. Another upwardly mobile executive family pulling up roots because of the husband's career? Well, yes, but with a difference: the job in this case is the presidency of the U.S.

Ronald Reagan was to assume that awesome responsibility at noon Tuesday, in the midst of the most lavish festivities ever to surround a presidential Inauguration. They officially got under way Saturday night with a fireworks show at the Lincoln Memorial, followed by this week's succession of parties and balls. But that was only the televised surface. Reagan's own final preparations for his new post were both more personal and more businesslike: an emotional farewell to California, where he had risen from obscurity to show-biz celebrity and political power, and the final drafting in Washington of a series of directives designed to get him off to a fast start on mending a battered economy.

At the start of his last week as a private citizen, Reagan helped his wife Nancy pack up at their home in Pacific Palisades, which they are offering for sale through the Coldwell Banker real estate agency (asking price: $1.9 million). Their activities, said Press Aide Joseph Holmes, were "remarkably like anybody else getting ready to move." Reagan wandered through the house gathering up belongings and taking long looks at the stunning ocean views. He also accepted possession of a white Arabian stallion, a gift from Mexican President José López Portillo that Reagan had trouble quieting because of the press of onlookers

The next day, he and Nancy rode in a motorcade to downtown Los Angeles for a red-carpet reception at city hall and a lunch with businessmen and other admirers at the Biltmore Hotel. Jesse Unruh, a Democrat who ran against Reagan for Governor in 1970, had an imaginative compliment. Said Unruh: "You rarely get into trouble in the political field because of your enemies. It is the most difficult part of leadership to be able to say no to your friends." That, he added, was one thing Reagan had proved himself capable of doing.

At city hall, Reagan, who was in high good humor much of the week, gave a dissertation on jelly beans, which seems likely to become as much a symbol for President Reagan as peanuts were for Jimmy Carter. Reagan observed that he "became addicted" to jelly beans when he gave up smoking decades ago. He kept a jar on the cabinet-room table in Sacramento when he was Governor, and even found them a useful tool in judging his associates. Said Reagan: "You can tell a lot about a fella's character by whether he picks out all of one color or just grabs a handful." Thus was born The Ronald Reagan Jelly Bean Character Test, which obviously needs some clarification before Reagan uses it in Washington.

The President-elect trying to calm an Arabian stallion in Los Angeles

To neighbors, he said: "It's more than a little sad. It's really hard to leave."

There were wistful moments too. Looking around the Biltmore ballroom, Reagan recalled dining there in 1937 and being introduced to the woman who arranged his first screen test. "It all began here," he said. The next morning, preparing to board Air Force One for the flight to Washington, Reagan and Nancy joined their daughter Patti in the sitting room of the Pacific Palisades house, closed the door and emerged a few moments later in tears. As Reagan and his wife passed a dozen or more neighbors clustered in their driveway to wave goodbye, a reporter inquired about their feelings. Answered Reagan: "It's more than a little sad. It's really hard to leave."

The First Couple says goodbye to Patti

All the while, Reagan was also conducting affairs of state, the most important being the preparation of his Inaugural Address. The work began in standard fashion: aides delivered to Reagan copies of every Inaugural speech from George Washington's to Jimmy Carter's, a dozen advisers submitted memoranda. Speechwriter Ken Khachigian prepared a draft. Flying back to California from Washington two weeks ago, Reagan read the pile of paper. Then the old actor, who has a superb inner ear for the crowd-pleasing phrase, put the whole mass aside and started out from scratch on a blank sheet of paper. Said he to aides, half apologetically: "I've got to do it in my own words." He kept scribbling away at Pacific Palisades, while movers bustled about crating up possessions.

Though Reagan was expected to keep fiddling with wording, the text by week's end was fairly well set. The speech was scheduled to be short—15 minutes—general and upbeat. In Reagan's view, he had to start immediately building confidence that the nation's menacing problems, especially its raging inflation, can be solved, before the expectation of more trouble be-

comes a self-fulfilling prophecy. So his draft text pledged an "Era of Renewal" and stressed the theme that a can-do Administration is taking charge of a can-do people.

The economy preoccupied Reagan in his last days as a private citizen. In his first two days in Washington, he presided over four meetings with his economic advisers, each lasting 90 minutes. The meetings filled in details of four directives that aides expected Reagan to issue within days, or even hours, of taking the oath of office.

- An order to all federal departments and agencies to report, probably within 60 days, how much they can save by eliminating "waste, fraud and abuse."
- A freeze on federal hiring that will be more strictly enforced than the one Carter put into effect last March
- Deferment of all pending federal regulations affecting business until the new Administration can decide whether their benefits outweigh their possible costs in impeding productivity and worsening inflation
- Abolition of the Council on Wage and Price Stability, which tried to administer voluntary wage-price guidelines. This violates Reagan's free-market philosophy.

These would largely be symbolic actions. But more substantive decisions are already pressing in on Reagan. Within a few weeks, he will have to draft a detailed speech, amounting to a State of the Union address, explaining the economic package his aides want to present to Congress by mid-February. At about the same time, Reagan will have to decide on his approach to dealing with the Soviets, and with U.S. allies, whose leaders will be clamoring to meet with him early in his Administration. Social issues—abortion is the prime example—that are important to many of Reagan's followers probably will be put aside by the new Administration so that it can set a few clear priorities and act on them immediately.

The new Administration will also have to decide quickly how to organize itself. Reagan initially intended to set up an Executive committee of the Cabinet, a kind of super-Cabinet of three or four senior department heads that would meet regularly with him and top White House staff officials to discuss the whole range of policy decisions. But aides last week were talking of setting up not one inner Cabinet but three or four. One would concentrate on foreign and national-security policy, another on economic affairs, a third and possibly a fourth on related domestic concerns, such as welfare, education, health and other social policies.

The nation this week is mesmerized by the fun and games of the Inauguration, but for Ronald Reagan it is obvious the serious work of being President has already begun. *—By George Church. Reported by Laurence I. Barrett/Washington and Douglas Brew with Reagan*

The Presidency/Hugh Sidey

A Moment of Special Glory

For a few days, history will take Ronald Reagan by the hand and lead him down the broad avenues of Washington and among the memories of this Republic, at once so great and so worried.

With the morning mists come the legends, the old bugle calls, the tramp of sure feet, voices raised in liberty's arguments. Soon enough Reagan will be down on the battlefield with Speaker of the House Tip O'Neill, and his days will be ordered by the cables from Moscow and the Middle East. But, for the moment, he lives in a special glory that is granted to all new Presidents as they wait on Pennsylvania Avenue for the day when they can enter the White House.

Already he and Nancy have been treated to the warm coffeecake and butter cookies of Ruth Lewis, Blair House's chef, who has worked her magic over a decade for Presidents and visiting heads of state. Reagan has sat in the library with the dark red walls where Andrew Jackson took coffee, and he has brushed by the shadowy parlor where Robert E. Lee turned down command of the Union armies in 1861. Abraham Lincoln used to wander across to Blair House during the Civil War, a troubled giant who came for relief from the grim story of war through friends and humor.

Robert Frost at J.F.K. Inauguration

Last week the Reagans walked around the corner, up the street by the stately home of Commodore Stephen Decatur, who ordered his house (the first on Lafayette Square) designed by Benjamin Latrobe to be sturdy as his ship, the *United States*, on which Decatur won fame in the War of 1812. The Reagans were on their way to lunch at a table for two in the paneled dining room of the Hay-Adams Hotel. Maybe they knew it, maybe not, but surely they felt the heritage of two who used to live on the site: Henry Adams, author and descendant of Presidents, and John Hay, a personal secretary to Lincoln and later Secretary of State to McKinley and Theodore Roosevelt. The Reagans nibbled on Dover sole and an omelette where Stuart Symington, 79, the erect and handsome former Senator from Missouri, used to court his first wife, Evelyn Wadsworth, granddaughter of Hay.

We are in America so young in years; yet we suddenly seem old from responsibility. Just 20 years ago, Poet Robert Frost came to town to recite at John Kennedy's Inauguration: "Such as we were we gave ourselves outright/ To the land vaguely realizing westward,/ But still unstoried, artless, unenhanced." Kennedy answered: "The torch has been passed to a new generation of Americans." Ike huddled in his coat, white scarf up around his neck on that day. When the Inaugural was over, the defeated Richard Nixon slipped down the Senate steps of the Capitol front and disappeared into the dark back seat of a limousine, little realizing that he would return in eight years as President. And as Reagan prepared for his Inaugural, Nixon watched from New York, still a power in American Government, his presence felt through people and policies that took root in his time in the White House. The past holds us.

Neither Reagan's exuberance nor the programmed gaiety of Washington could fully mask the bittersweet nature of the passage of power. As the caravan moves on, someone must yield. It has not been an easy time for Jimmy Carter. Transitions are for winners, not losers. Yet, there was the feeling that Carter had been a better President after defeat than before, that his actions in the transition were more graceful and selfless than when he worried so much about political survival. Perhaps Carter, too, heard voices from the past, like that of Muriel Humphrey in her last days as wife of the Vice President. Standing in the White House foyer beside her husband, who had been denied the presidency, she listened to a trumpet fanfare, and with a melancholy twinkle she leaned over and whispered, "Damn."

It is now the Reagans' turn to take command of the present and in their time write the history that will instruct those who follow.

"We Enjoyed Living in This House"

The Carters leave the White House with regret and head home

As Jimmy Carter and his wife packed their personal belongings into cardboard boxes last week and prepared to leave the White House, their minds were on both the history-rich home they were departing from and the return to their native south Georgia. On one of their final days in the White House, over breakfast in the family dining room, they talked with TIME *Washington Bureau Chief Robert Ajemian about the drastic change in their lives. Ajemian's report.*

Jimmy Carter stood in the second-floor hallway waiting for his wife to join him for breakfast. It was eight o'clock, and, in his dark blue suit and polished brown shoes, he was ready for another long day of farewells to supporters. Carter had already been to the Oval Office for an hour of work. Now, back upstairs, he looked down the wide corridor and said in a soft voice: "We've enjoyed living in this house. It will be hard to leave it." Rosalynn Carter, wearing a white wool suit, came out of a nearby bedroom. At the table, the President said a short prayer and then began talking of his own future, speaking slowly as he examined his feelings, the answers less swift and rehearsed than usual. "For the first time in my life," he said, "I don't have any specific goals to work toward. I've never had to face that before."

As the steward served fried eggs, the President was asked how he would cope with the sudden change from wielding enormous power one day to having it disappear the next. "I don't know," he said, an answer that seldom passes from Carter's lips. His preoccupations have always been outside himself; he is not a man who publicly agonizes over his psyche. "Right now," he said, "I think I can accept the change without too much damage to myself.

"I've never had time for leisure," he continued. "I've always had a schedule, a purpose. I've always been an ambitious and driving person." He looked across the table at his wife. "Rosalynn and I haven't had a vacation since our honeymoon." Then he said they will spend the next two weeks at Caneel Bay in the Virgin Islands

Carter's wounds do not show; he is too disciplined for that. His manner is cheerful, and he has managed a smooth, gracious transition for his successor. Carter's personal papers filled 20 vans, which last week headed toward Georgia. His daily diaries, which he kept without break for four years, are complete, and he hopes in the next 30 days to land a book contract that will bring him a needed chunk of money

Carter will miss the daily contact with his band of Georgia loyalists, and last week he invited four of them to the White House for a seven-course dinner cooked by a Chinese chef. There were warm embraces when the meal ended. Another evening, Carter became so nostalgic that he broke out a bottle of vodka that had been given to him by Leonid Brezhnev in Vienna in 1979 and reminisced with some of his cronies about the early political years and the lost campaign. The Carters invited Vice President Walter Mondale and his wife to sleep in the Lincoln Bedroom on their final night in the White House.

Carter told his senior aides that he was worried about Rosalynn's mood. The single most important thing to him, Carter declared, was her happiness. "I'm O.K.," he said, "but she's still vulnerable."

The breakfast conversation turned to Ronald Reagan, and Carter was cautious about what he said. He has let his closest aides know he is afraid that Reagan will not engage himself enough in foreign policy. Their meeting in the Oval Office after the election unsettled Carter: he got little feedback from Reagan on a long checklist of international subjects and not a single question about Iran and the hostages. When Rosalynn observed that Reagan was gradually changing his positions, Carter, carefully buttering his toast, edged toward some franker views. "I predict he won't follow his campaign talk," he said, referring to Reagan's promises about abolishing the Departments of Energy and Education, making large tax cuts and other issues. Said Carter: "When you get here, it's a lot tougher to do." The previous evening, Carter had delivered a short, graceful farewell speech on TV that touched on the three issues he believes are of paramount importance: nuclear arms control, the planet's diminishing resources, and human rights. He hopes to force the issues on Reagan.

Ready to deliver his farewell speech, Jimmy Carter sits for photographers in the Oval Office

"For the first time in my life, I don't have any specific goals to work toward."

A couple of nights later, Carter introduced her extravagantly to hundreds of campaign workers who had gathered at the White House from around the country. "Here is a woman," the President said, "who has graced this mansion more than any other person who has lived here."

Now, at the breakfast table, Rosalynn listened carefully as her husband described what would be his daily schedule in Plains. She had been unenthusiastic in the past about going home. Her friends say that she will not last there, that eventually she will insist on moving to a place more stimulating. She talked of her plans to write a book and of her daughter Amy, who is being uprooted from a school she likes. The only friend Amy has kept up with in Plains is Billy Carter's daughter Mandy. "But she said she's looking forward to going back where people think like she does," said Rosalynn, her voice husky from a sore throat.

Over his second cup of coffee, Carter was asked whether he had any regrets about allowing National Security Adviser Zbigniew Brzezinski to become too public a personality. The President defended Brzezinski and soon got quite worked up about the subject. Leaning forward in his chair, he declared that a President should be able to obtain whatever foreign policy advice he chooses. He noted that many of his foreign policy accomplishments sprang from Brzezinski's ideas. Carter recalled that when Cyrus Vance first went to China, there was no progress. "When Brzezinski went over," Carter said, "things began to move."

Still, Carter conceded, it would have been better if Brzezinski had played a less

public role. "It was probably not the best thing for Zbig to speak up so much," he said. "If there was a mistake, it was my own because I could have stopped that whenever I wanted."

The President was asked to appraise the world leaders he had dealt with. He described China's Deng Xiaoping as a breath of fresh air, a man who, in Carter's mind, could be trusted to keep his word. "He was not afraid to talk about his country's weaknesses," said Carter, "something the Soviets would never dare do." Valéry Giscard d'Estaing was the most powerful of all the Western leaders he had worked with because of the wide authority granted to the President by French law. Britain's Margaret Thatcher was a woman of strong opinions, forceful and dependable. He did not talk about Germany's Helmut Schmidt, but aides have always said that the President considered Schmidt a devious man, effusive in person but duplicitous behind Carter's back. In Carter's view, Egypt's Anwar Sadat loomed above all the world leaders. "I trust him like my wife," he said looking at Rosalynn. It is no secret that Carter found Israel's Menachem Begin impossible to deal with.

Carter will sorely miss the intellectual stimulation of the White House and intends to invite people from around the country to visit him in Georgia. He has already started to prepare a list of names. He hopes to spend a couple of days a week in Atlanta, where an office is being prepared for him in the Federal Building.

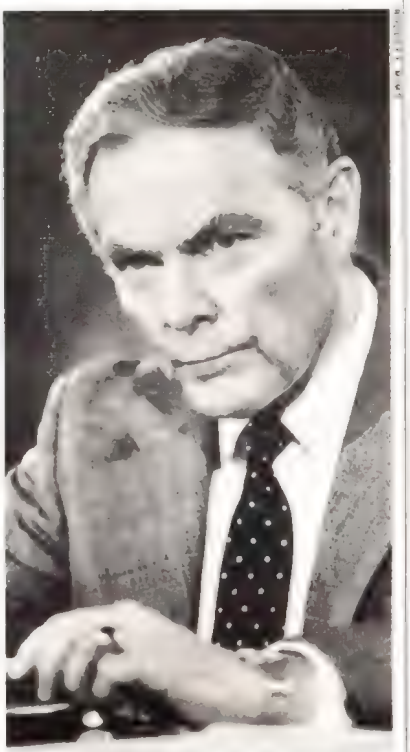
For now, though, the Carters are headed back to Plains. "I'll still wake up early, around 6 or so," says Jimmy Carter, "and read all the papers." He spoke with enthusiasm, as though he were determined to make the return to his roots work out. He will spend a good deal of the time on a book about his presidency and do some hunting and fishing, watch after his farm and timberlands, and stroll the fields. "It will be a tremendous wrench for him," said one of his closest friends. "He has always been a forward-looking man. He will have to fight against dwelling in the past."

Now the steward moved in to clear the table. A telephone call came for the President. He took it by the window, turning the chair around so that he could gaze out on the lawn as he listened. His caring for the White House was palpable. The ambitious, driven man clearly regretted leaving the place. And his regret somehow gave credence to an astonishing conversation that he had with one of his senior aides shortly after the election. The President asked if it were possible to install a loyalist as head of the Democratic National Committee so that Carter could maintain some measure of control. As the man listened in disbelief, the President told him—in unmistakable terms—that he might want to be a candidate for the job again. ■

Haig Takes the Offensive

Under attack by liberals, he angrily fights back

"Now, what do you expect me to say? What is it you're after?" demanded the witness as he glared angrily across the green baize-covered conference table at his questioner. It was the fourth day of the Senate Foreign Relations Committee's confirmation hearings on Alexander Haig Jr., Ronald Reagan's nominee for Secretary of State. Until then the sessions had amounted to a scholarly seminar, with the Senators reading prepared questions and Haig coolly replying. But when



The general listens to a Senator's question

"Nobody has a monopoly on virtue."

Democrat Paul Sarbanes of Maryland tried to maneuver Haig, who was Richard Nixon's White House Chief of Staff during the final months of Watergate, into condemning his old boss's abuses of power, the witness stubbornly refused. Said Haig: "If everyone were to indulge in the option of refusing to serve in a unique period when our Republic was in danger, heaven help us all. I felt an obligation to do the best I could. And I did that."

Sarbanes continued to press Haig for a "value judgment" on Nixon's actions. Bristled Haig: "Mistakes were made. I didn't make them." When Sarbanes repeated his question, Haig, now leaning closely over the microphone and barely concealing his irritation, took the offensive: "Do you think I'm going to endorse what was done? In no way, on either side." Then, staring coldly at Sarbanes, Haig added slowly: "Nobody has a monopoly on virtue. Not even you, Senator."

At lunch, however, Haig apparently had second thoughts. He returned with a conciliatory statement denouncing the Watergate break-in and cover-up as "improper, illegal and immoral." But he refused to pass judgment on Nixon or Henry Kissinger. Said Haig: "I worked intimately for both of them. It's not for me—it's not in me—to render moral judgments on them. I must leave that to others, to history, and to God."

On the whole, it was a masterly performance, and grudgingly admired by one of Haig's critics on the committee, Liberal Democrat Paul Tsongas of Massachusetts. Said he: "You're going to dominate this Administration. You are by far the strongest personality that's going to be in there."

For the most part, last week's five other hearings on Reagan Cabinet nominees remained courteous.

Before the Senate Labor and Human Resources Committee, Raymond Donovan, the prospective Secretary of Labor, stoutly rebutted charges that his New Jersey construction firm had funneled $13,000 in kickbacks to local politicians through a dummy company in 1967. He admitted his firm once hired a Teamster official's chauffeur as a "ghost employee" who received a salary but did no work. But Donovan insisted that he was forced to hire the man because of union rules and not to buy labor peace. Committee Chairman Orrin Hatch of Utah, however, suddenly postponed the committee's confirmation vote to investigate fresh allegations that Donovan had made payoffs to a Teamster official in the late 1960s. Donovan called the new accusations "absolutely groundless."

Except for Donovan, Reagan's Cabinet is expected to be quickly approved by the Senate this week. None faces strong opposition, including Haig. The 17-member Foreign Relations Committee voted to recommend his confirmation, with only Sarbanes and Tsongas dissenting, even though the committee did not receive logs of taped conversations between Haig and Nixon that had been subpoenaed from the National Archives. As anticipated, Nixon blocked the release of the materials by threatening a court challenge. The committee decided to continue to seek the logs and to reopen its inquiry into Haig later if necessary. That seems unlikely. Even Tsongas regarded last week's hearings as "our one shot" at investigating Haig's fitness for his new job. ■

Is It Worth the Price?

A new Ethics in Government law takes its toll

The wealthy entrepreneur had made a fortune in the electronics businesses of Northern California's "Silicon Valley." In his mid-40s, possessing a proven record of management, he seemed the very model of a Reagan top appointee. As he sat in the drab Washington office of E. Pendleton James, the President-elect's personnel director, visions of the sub-Cabinet danced in his head.

"Pen, what's the deal with conflicts?" the man asked. "You know I have a lot of money in a lot of companies." James told him about the 62-page Ethics in Government Act of 1978 and said: "Come back and talk to me when you feel comfortable." The man never returned. Laments James: "He got on a plane for San Francisco that afternoon."

That is only one of many stories being told by the Reagan transition team. They are the first to form an Administration under the new law, and they complain that its strictures have discouraged many capable citizens. Among them:

▸ The bright, young Citicorp executive who was offered the job of Deputy Energy Secretary. But his family has interests in oil wells, and the law defines "family holdings" rather broadly. The executive is still at Citicorp.

▸ A senior vice president of a FORTUNE 500 firm in Ohio who was up for a job as Under Secretary of the Interior. Yet the "revolving door" provisions of the new act, which restrict a person's dealings with Government after he leaves office—in some cases for life—would have prevented him from becoming his company's president. He decided to stay in Ohio.

▸ The successful New York businessman in his 60s who was being considered for a high-level job in the Administration. When he was told about the new requirements for detailed financial disclosure, he withdrew his name, saying: "Nobody knows how wealthy I am! I don't even want my children to know."

The act is the latest of a long line of rules promulgated since Congress, in 1863, first made it illegal for officials to make decisions that might affect their own financial interests. The 1978 act puts real teeth into that idea, requiring a more detailed disclosure of assets and thus opening up a broad range of hitherto ignored potential conflicts. In addition, the new law makes it much harder for officials to dump their holdings into a blind trust. Under that arrangement, a trustee exercises control over the assets, theoretically shielding the officeholder from conflicts of interest. Yet these devices tended to be what former Senator Abe Ribicoff called "blind trusts with 20/20 vision." The official often knew what he held.

Under the new law, the trusts cannot be top-heavy with stocks that relate to the official's job. Commerce Secretary Malcolm Baldrige, for instance, is selling his stock in Scovill Inc., the manufacturing conglomerate he headed. But others are using complex disqualification agreements to avoid such drastic sales. Donald Regan, the new Treasury Secretary, has promised to disqualify himself somehow from matters that might affect his holdings in Merrill Lynch, the brokerage firm he formerly headed. Reagan's choice for Labor Secretary, Raymond Donovan, says he will not make decisions affecting the New Jersey construction companies in which he will continue to have interests.

Some public servants dislike the act intensely. Says former Treasury Secretary William Simon: "It is just ridiculous. We're going to end up with nothing but academics and neuters." Says Citicorp Chairman Walter Wriston, also once considered as a possible Treasury Secretary: "Had the people present at our Constitutional Convention been obliged to pass the conflict-of-interest test, it is doubtful that many of them could have got through the door."

Nobody, of course, argues with the intent of the law. Even wealthy Republicans have long been willing to disclose and divest as required by previous rules. Nelson Rockefeller went through a detailed financial disclosure when he became Vice President in 1974, and General Motors President Charles Wilson sold his GM stock before becoming Eisenhower's Defense Secretary in 1953.

Nor has the new law fulfilled the direst predictions of its critics. A Washington *Post* story last week reported that many departing Carter officials are having no trouble finding firms willing to quadruple their salaries in order to tap their expertise, despite the revolving-door strictures, which went into effect in 1979. The Reagan team, too, has found that for Cabinet appointees the prestige outweighs the financial burdens. The only person known to have refused a top job solely because of a potential conflict was Clifford Hansen, Reagan's first choice for Interior Secretary, whose family holds grazing rights on federal lands. Such a conflict would have been forbidden, justifiably, even under previous rules.

But the new law, as well as spartan salary scales for top federal jobs, has clearly slowed the appointment process at the sub-Cabinet level. Fred Fielding, the transition's conflict-of-interest counsel, proposes modifications, such as requiring an appointee to disclose the nature of each of his assets without having to specify the exact amount of those over $10,000. Says he: "It is conflicts, not wealth, that the public is concerned with." He also suggests that financial disclosure be made only to congressional committees, not to the public.

Common Cause President David Cohen disagrees: "Public disclosure forced the law to be taken seriously. The Reagan people are using inconvenience as an excuse to change the law." Adds Deputy White House Counsel Michael Cardoza: "The law works. It protects the President from scandal, and Reagan should welcome that." Both sides may soon have a chance to air their arguments: Malcolm Wallop, chairman of the Senate Ethics Committee, hopes to hold hearings on the law. "We've got to weigh the abuses against the loss," says Wallop. "Maybe there's some middle ground." ■

An appointee who could not resolve the conflicts: Rancher Clifford Hansen

An end to "revolving doors" and "blind trusts with 20/20 vision."

A fisherman on the drying banks of the Mississippi

Workmen at Boston's liquefied natural-gas storage plant

Too Cold, Too Hot, Too Dry

From coast to coast, nature reminds everybody who's boss

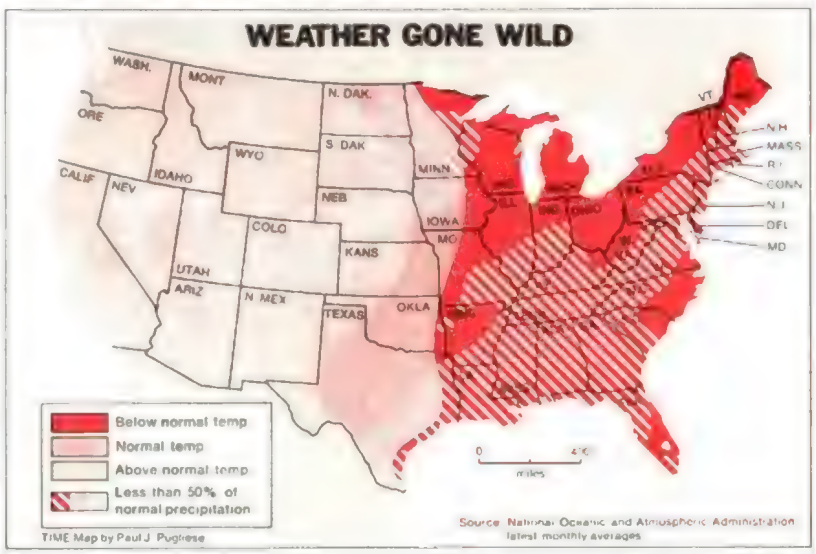
There is, of course, a scientific explanation. A stubborn high-pressure system over the Rockies is keeping warm westerly winds trapped, while Siberian air masses come trundling over the North Pole and down the Eastern seaboard. Other observers, more seasoned, merely grumble that it is the cussed contrariness of Old Man Winter pulling one of his periodic bone-chilling acts on the East Coast. In any case, the record-breaking weather of the past month was, of course, all ordained last August when squirrels gathered nuts and spiders spun webs much earlier than usual.

This much is certain: oranges are freezing in Florida, winter wheat on the parched Midwestern plains is threatened by drought, schools are closed in Boston because of natural gas shortages, heatless New York City residents are being forced to seek shelter in municipally heated armories, and barges are running aground as the water level drops in the less-mighty-than-usual Mississippi. Anywhere one looked, it was too cold or too hot, and nearly everywhere it was too dry.

This much is history: the new President, flying in from his warmer clime, was inaugurated in freezing Washington amid water rationing in the unseasonably warm West, crippling natural gas shortages in the Northeast, and record-breaking cold as far South as Miami. The year was 1977, and a Washington meteorologist said: "Jimmy Carter's first confrontation as President will not be with the Russians, but with the weather." Just to assure that Ronald Reagan is similarly humbled by elements beyond his control, nature has conjured up another trial by ice and drought for a new Administration.

New England has been struck hardest by the cold, with record lows in every state. In East Haven, Vt., the temperature was heading toward a record −50° when the local weather station thermometer broke at −40°. Compounding the bone-chilling blast was a shortage of natural gas, particularly in Boston. Governor Edward King ordered businesses to set thermostats at 55° and closed all Massachusetts schools heated by natural gas. Says one utility executive: "He won't need to announce other actions if conservation doesn't work. There won't be any gas." Estimates are that an average New England family will pay up to twice as much on 1981 heating bills as they paid last year.

The chill has taken a heavy human toll as well. At least 46 people have died from weather-related causes since the cold wave became acute a month ago. A Dorchester, Mass., family placed plastic sheeting over windows to keep out the cold, using a portable gas heater for heat. Overcome by carbon monoxide, the father and a son died. Eight in Boston have already perished in fires this year, including an 18-month-old girl who knocked over a heater onto some newspapers.



"It looks like a fun-house mirror, but it gave Gulf a clear look at the future of solar energy."

"There's more to solar energy than the flat black solar collectors you see on the roofs of houses," says Staff Engineer Julien Reynaud. "For instance, this solar concentrator we developed here at General Atomic. It looks like a fun-house mirror, but it can heat flowing liquids to temperatures up to 1100°F.

"General Atomic is working hard to determine how much commercial power you can extract from sunlight."

"There are other technologies being developed by General Atomic, which is 50% owned by Gulf Oil, to make solar energy commercially practical. Our newest solar projects include a multiple-effect thin-film distillation process that can produce a lot of distilled water using low-grade heat sources; and polycrystalline photovoltaic cells for converting sunlight directly into electricity.

"There's still a long way to go. We'll be into the next century before sunlight supplies more than 5% of this country's total energy requirements. But there has been progress. Solar energy is already working in some factories, heating water, bleaching textiles, drying lumber.

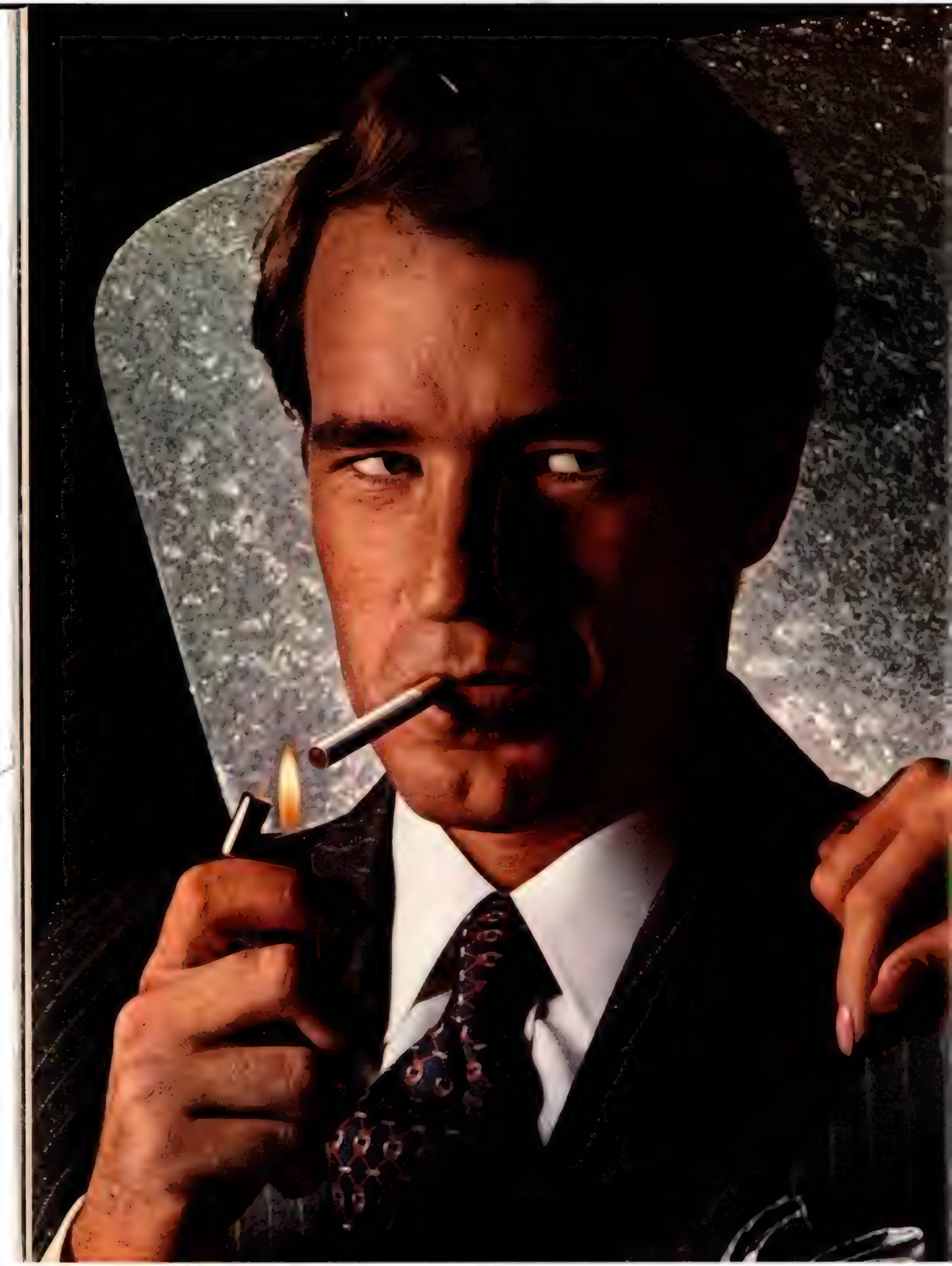
"Of course, solar energy works best where it's sunny, dry, and with almost no air pollution. But wherever it works, it frees up precious fossil fuels for use somewhere else.

"Gulf's research in solar energy is one part of our overall commitment to energy for tomorrow."

Gulf

Gulf people: energy for tomorrow.

Gulf Oil Corporation



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In New York City, the cold has continued almost unabated since a sub-zero Christmas Day, and January temperatures have averaged 19.7°. Some stingy and cold-hearted "coldlords" were giving up trying to provide heat in rundown tenements, and a few had let boilers slip into disrepair—or even intentionally damaged them. Said City Heat Inspector Theodore Klopsis: "There is plenty of heating oil, but some landlords are deliberately turning off their boilers."

To help alleviate the suffering, the city opened two National Guard armories to refugees from heatless buildings. As many as 2,000 people—mainly mothers with young children—fled their frigid homes to sleep, eat, read, iron and pass the gloomy days on Army-issue cots. Elizabeth Martinez brought her two toddlers, ages 1 and 2, to an armory in Harlem. Said she: "They were getting sick with colds and fever all the time. My little one's hands were green and frozen from the cold. The water was frozen in the toilet bowl."

New York, like much of the U.S., is also suffering from a drought. In the Northeast, reservoirs are at 15-year lows, some less than one-third full. With only a 100-day supply of water, New York City officials are weighing mandatory restrictions. The Governors of New York, New Jersey, Pennsylvania and Delaware met in Trenton last week to declare a drought emergency, banning non-essential water use.

The most disastrous economic effects of the cold wave were felt in Florida, where temperatures dropped to the mid-teens. The state's vegetable crop was almost totally destroyed. Ice formed in 90% of Florida's oranges, and only those immediately harvested and processed could be saved. Preliminary destruction is estimated at 20% of the state's orange crop, a loss of 49 million gal. of concentrated juice. Wholesale prices on canned concentrate immediately jumped 30%.

In the Midwest, temperatures were normal, but precipitation was not. The drought that plagued crops all last year is continuing, with little snow on the ground and low moisture content in the soil. Winter wheat needs the snow both for protection from cold and, come the spring thaw, for water. Even the Mississippi is hitting new low-water marks. The Army Corps of Engineers in Vicksburg has dredged the river at 18 locations this month. Still the river banks south of Memphis are a graveyard of grounded barges, and captains are lightening their loads by as much as a third to avoid scraping bottom.

The Rockies, where the dastardly high is centered, have also remained especially dry. The best snow at many ski resorts in the region is man-made. At Colorado's Crested Butte, in fact, there is a special type of man-made snow. One day last week resort operators there enlisted a band of Ute Indians to do a snow dance. Sure enough, there was an unexpected snowfall by morning.

Throughout the West, unseasonably high temperatures are making even artificial snow hard to keep and migratory birds hard to get rid of. In the Denver suburb of Aurora, golf courses have been plagued by hundreds of Canada geese, apparently deceived by the balmy weather into thinking they have reached Mexico. "It's wall-to-wall geese," says Bruce Waldo, the parks and recreation director.

The National Weather Service says that many areas of the country may get some precipitation soon, but that the Rocky Mountain high is still expected to keep weather warm in the West and frigid in the East. The service prognosticates in meteorologese: "The 30-day outlook is for temperatures to average below seasonal normals over the Eastern third of the nation ... Above-normal averages are indicated for areas west of the continental divide."

A less orthodox expert, Edward D. McCarthy, has been observing nature's perversity for 70 winters now, and thinks there is something to be learned from it. He lives in Galeton (pop. 1,500), nestled in a canyon of the Pine River in northern Pennsylvania. "The river is frozen harder than the shady side of a banker's heart," he told TIME Correspondent Dean Brelis. "The rapids are silent, as if they're in an ice-cold grave. There have been no bear tracks for 20 days. God and Lady Nature have whispered in their ears and they're in absolute hibernation. My prayer is for snowflakes aplenty and rain in abundance. All these flush toilets man has created gobble up the water. To find a decent spring a digger must go down 100 feet in the valleys. Nature is telling us that man's abuse is killing the environment." Others will no doubt draw different lessons. But in a week of Inauguration and a promised new beginning, nature has again served notice of its capricious power. —*By Walter Isaacson*

Fishing boats immobilized by ice in the harbor at Fairhaven, Mass.

Icicled oranges in Rockledge, Fla.

"The river is frozen harder than the shady side of a banker's heart," says one oldtimer. Is nature telling us something?

ISRAEL

Futile Exercise in Survival

As Begin's coalition crumbles, Peres gets ready for an early election

"He is like a composer who does not know how to end his symphony," observed a political commentator in Jerusalem. Those were perhaps the kindest words to be heard last week about Prime Minister Menachem Begin, who seemed increasingly like a leader who neither was, nor sought to be, in control of political events in his country. Gone were the pugnacious stance and spirited oratory with which Begin once stirred his followers to action. All that remained was an almost irrational obsession to cling to power for a few more weeks or months, even if he no longer had an effective mandate to govern. Day after day, in an unseemly bid to withstand an opposition call for early elections, Begin's ministers scrambled to buy another vote or two in the Israeli parliament, the Knesset.

It was all to no avail. Leaders of the opposition, principally the Labor Party candidate for Prime Minister, Shimon Peres, plotted a parliamentary assault aimed at finishing off the government. To avoid such a showdown, the Begin Cabinet voted Sunday to ask the Knesset to call an early election on July 7, four months ahead of schedule. Begin's government had sounded its finale in the kind of unruly Cabinet session that had become a hallmark of his 3½ years in office. The issue had originally seemed relatively benign: a pay raise for the country's 65,000 teachers, approved earlier by a blue-ribbon committee. In the Cabinet, however, the salary question provoked a collision between two stubborn antagonists: Finance Minister Yigal Hurvitz, who was determined to forestall any new wage spiral that would further boost the country's 140% hyperinflation, and Education Minister Zevulun Hammer, who felt equally committed to the teachers. Each vowed to resign if he lost the battle, taking precious parliamentary votes with him. Thus either way Begin's coalition would be left without a majority in parliament.

The debate in the Cabinet dragged on for 7½ hours as both sides sought to stave off the inevitable. At one point, one of Begin's aides reminded Hurvitz in a note that his resignation would help bring in a Labor Party successor. Hurvitz scribbled back: "Yes, I know things will be worse, but I don't want to be responsible for the economic collapse." Agriculture Minister Ariel Sharon, who is renowned both for histrionic outbursts and for an unyielding determination to plant more Jewish settlements on the occupied West Bank, lashed out at Hurvitz. Said he: "If you want to hand Greater Israel over to Shimon Peres so that he can pass it on in its entirety to [Palestine Liberation Organization Leader] Yasser Arafat, why don't you say so instead of making all this economic talk?" Hurvitz, who had resigned from the Cabinet once before in opposition to the Camp David peace accords, was not about to relent. When the Cabinet finally voted to give the teachers the increase, he made good on his threat and tendered his resignation. His defection and that of four other Knesset colleagues reduced Begin's coalition to 58 votes in the 120-seat Knesset, three short of the 61 needed to carry a majority. "I am not disappointed," Begin unconvincingly remarked later. "This is a democracy."

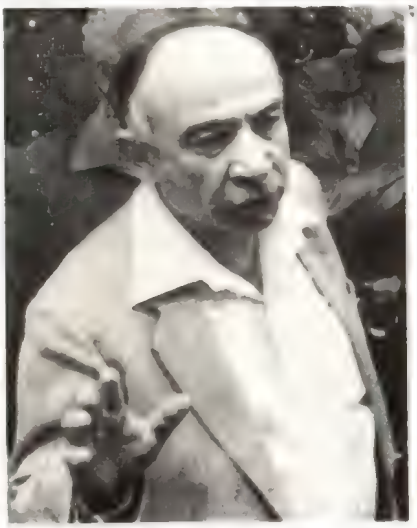
Next day the Cabinet met again to discuss whether to present its own bill to the Knesset for an early election, which would save Begin and his government from the ignominy of being forced to resign on an opposition motion of no confidence. The government would thus be able to stay in place through the election campaign. Most Cabinet members favored this comparatively graceful course, but it was decided to hold off until a small clique of diehard Begin supporters—led by Sharon and Housing Minister David Levy—had time to embark on their last-ditch exercise in vote bartering.

Prime Minister Begin and Opposition Leader Peres in the Knesset

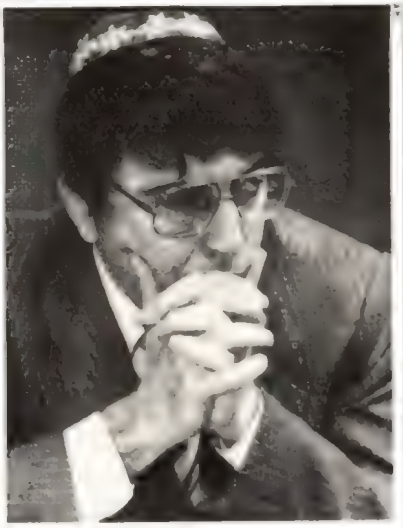
Levy took the initiative in the buttonholing campaign. His recruiting centered on half a dozen independents. One was Samuel Flatto-Sharon, a businessman who had been convicted in France on fraud charges and is currently on trial for bribery in Israel. Another was Shafik Assad, a Druze member from Galilee. The independents were courted with a wide range of inducements: for Assad, a new community center for his native village; for others, promises of deputy ministerships. Even among Begin's own aides, the reaction to the brazen corridor bargaining verged on outrage. "It's never happened before that people are so open about being for sale politically," said one aide. Added another: "It's a joke. What have they gained, another week?"

As it happened, the Begin government's unbecoming exit was even accompanied by a last-minute scandal. The Knesset voted to lift the parliamentary immunity of Cabinet Minister Aharon Abuhatzeira, head of the Ministry of Religious Affairs, so that he could face criminal indictment. Abuhatzeira had been under investigation for months as an alleged recipient of bribes in return for having funneled government funds to phantom religious institutions.

In an unrelated incident, the Knesset was also shaken by the



Finance Minister Hurvitz



Religious Affairs Minister Abuhatzeira

Education Minister Hammer

assassination of its only Bedouin member, Sheik Hamad Abu Rabiya, 51, a courtly, popular legislator who was gunned down in his car outside Jerusalem's Holyland Hotel. He was the first member of the Knesset to be murdered in its 32-year history. Police subsequently arrested five suspects, including two men who were members of the Druze religious sect, which has often been at odds with the Bedouins.

For many Israelis, the new elections could not come early enough. They are deeply worried about the prospect of the country being in the hands of a rudderless government. Said Meron Medzini, a lecturer at the Hebrew University of Jerusalem: "We have here a terrible crisis of confidence. There are some people who are worried about the future of democracy." Said Knesset Member Uri Avneri, a longtime critic of the Israeli political Establishment: "The government is breaking apart. It's like metal fatigue."

Begin himself seemed strangely detached, almost as though he were observing his government's disintegration as a spectator. Reflecting on his listless response to the most important political crisis of his career, an Israeli academic noted: "I've watched three or four Prime Ministers in their decline. Begin used to be a superb parliamentarian and a very effective speaker. The situation today is a very pathetic business." One possible factor was Begin's questionable health. Over the past four years, he has suffered two heart attacks and a stroke, and he is under the constant supervision of his doctors. Some politicians speculate that the medications he is required to take have had a depressing effect on his normally ebullient behavior.

The judgments on much of Begin's term in office have turned severe. For all his initially feisty style of governing, many observers feel that he has never really managed to wield effective control over his Cabinet. From the first, it had been a patchwork quilt of first four and then five different parties. Many of Begin's ministers were chosen not so much on the basis of capability as on patronage. Cabinet sessions became notorious for squabbling and name-calling. Hurvitz was the sixth Cabinet minister to resign, setting a new precedent even in a country used to coalition governments.

Begin's signing of a peace treaty with Egypt was unmistakably the high point of his career. It won him justifiable plaudits both at home and abroad. But his bungling with regard to the precarious Israeli economy became his undoing. Soon after he took office, he decided to give the economy a boost with the monetarist methods espoused by Conservative Economist Milton Friedman. Begin gave Israelis, for the first time, the right to hold up to $3,000 in foreign currency. In his first budget, he increased spending in the already swollen public sector and, most damaging of all, provided greatly expanded credit to exporters. Israelis went on a buying spree, gleefully snapping up imported luxury items with their newly acquired dollars. The result: an inflation rate that was already an ominous 39% when Begin took office shot up to a rate that, if not stemmed soon, could rise to a staggering 300%.

Israelis are shielded from inflation by one of the most sophisticated systems of indexation in the world. Under the complex plan, wages are automatically adjusted by an employer to compensate for 80% of the inflation rate; the same kind of adjustments are made for personal savings, pensions, State of Israel bonds, life insurance policies, mortgages and accounts. Thus, the real strains did not really start to show until this past year. Says Arnon Gafny, governor of the Bank of Israel: "This is not the type of crisis that brings you to a state of collapse. But it puts restraints on our standard of living, and it makes it much more difficult for us to take care of a variety of other needs." Gafny and other economic experts are just as worried about the fact that Israel's gross national product is now almost static. Last year, it rose by a mere 0.9%, the lowest increase in six years. To make matters worse, unemployment, never a worrisome phenomenon before, grew by 67% in 1980 alone, and now stands at 4.7%.

As though on the rebound, many Israelis are turning back to the Labor Party, which was ousted in the last election after 28 uninterrupted years in power. The polls now show Labor the overwhelming favorite in elections, with some findings pointing to an absolute Labor majority. To take advantage of that lead, the Labor Party ideally would like an election as early as March, but it has indicated that it would go along with June.

Leader Peres, 57, is a careful pragmatist given to governing through well-wrought political alliances rather than by dint of personality. A protégé of David Ben-Gurion, Israel's founder and first Prime Minister, Peres got started in politics as a youth and by 1974 had risen to become Defense Minister. In a recent interview with TIME, Peres outlined his plan to deal with Israel's economic crisis. He said that his first priority would be to slash funds for settlements in the occupied Arab territories. Next he would try to obtain an agreement among labor, government and industry to freeze wages, salaries and taxes under a "social contract." He would reimpose tight currency controls and, in one of his most innovative programs, make it mandatory for all university students to combine half a day of study with half a day of work. Says Peres: "We are going to revolutionize the whole administration of the country."

The Peres plan is clearly highly ambitious, but many Israelis appear to be in a receptive mood for change. They now seem to realize that only a vigorous new demonstration of political will can pull Israel out of its economic morass and political malaise. *—By Marguerite Johnson. Reported by David Aikman/Jerusalem*

EL SALVADOR

Killing That Will Not Stop

The leftist offensive is not final, after all

In the tiny, crowded killing ground that is El Salvador, 10,000 people died by violence last year. That total seems certain to be surpassed in 1981. Last week leftist guerrillas of the Farabundo Marti National Liberation Front (F.M.L.N.) began their long-promised "final offensive" against the forces of the military-civilian junta: more than 800 people were killed.

The seemingly inexorable, escalating tide of violence was sucking other countries into the vortex. Even before the start of the leftist offensive, the Carter Administration had become alarmed by evidence that the guerrillas were obtaining large quantities of sophisticated weapons from a number of sources, including Middle Eastern and East European countries as well as nearby Cuba and Nicaragua. Nicaragua appeared to be serving as the transit point for these arms. In order to "help El Salvador interdict the supply of military equipment coming in from the outside," as U.S. Ambassador Robert White put it, Washington resumed the modest $5 million military aid program that had been suspended since the murders of three American nuns and a lay worker by right-wing death squads a month ago.

Nicaragua, whose leftist Sandinistas have made no secret of their support for the F.M.L.N. guerrillas, was helping in other ominous ways. El Cuco, a beachside resort in the eastern part of El Salvador, witnessed an invasion by 100 guerrillas in five 30-ft. wooden boats; they almost certainly came from Nicaragua. Government forces claimed to have captured one boat and bottled up the invaders in the beach area, killing 52 of them.

The "final offensive" began early last week in working-class districts of San Salvador, the capital. As guerrilla bands in the city staged hit-and-run attacks on police and military targets, they issued, over a captured classical music radio station, a tape-recorded appeal for a general strike and a popular insurrection against the junta.

But there appeared to be few classical music lovers in San Salvador's *barrios*. The guerrilla attacks were beaten off by withering rifle fire and grenade attacks by the army. The government declared martial law and a dusk-to-dawn curfew. Less than 24 hours after the start of the offensive, Junta President José Napoleón Duarte called a press conference to deride the leftist efforts as "an absolute failure." Stores and businesses opened as usual the next day, and workers generally stayed on their jobs.

Elsewhere, the guerrillas had some temporary successes. They fomented an insurrection in the garrison of Santa Ana, the country's second largest city; an army captain and 80 soldiers defected to the guerrillas. Heavy fighting continued for days, as leftist troops penetrated several provincial cities before being thrown back. They seized San Francisco Gotera, the capital of eastern Morazán department, and it took government troops three days to break the cordon around the city and recapture it.

Several journalists, venturing into the countryside to search out the facts for themselves, were engulfed in the violence. Among the casualties were Photographers Susan Meiselas, 32, on assignment for TIME; John Hoagland, 33, working for *Newsweek*; and Ian Mates, 26, a South African cameraman for a London-based television organization. Their small Japanese car was the target of a remote-controlled Claymore-type antipersonnel mine on a road about 15 miles north of San Salvador. Mates suffered severe head wounds from steel splinters and died the next day in a local hospital. Meiselas and Hoagland were evacuated to the U.S. Later in the week another photographer on assignment for *Newsweek*, Olivier Rebbot, 31, was shot in the chest by a sniper while covering the fighting at San Francisco Gotera. Another photographer on assignment for TIME, Harry Mattison, protected Rebbot till an ambulance arrived.

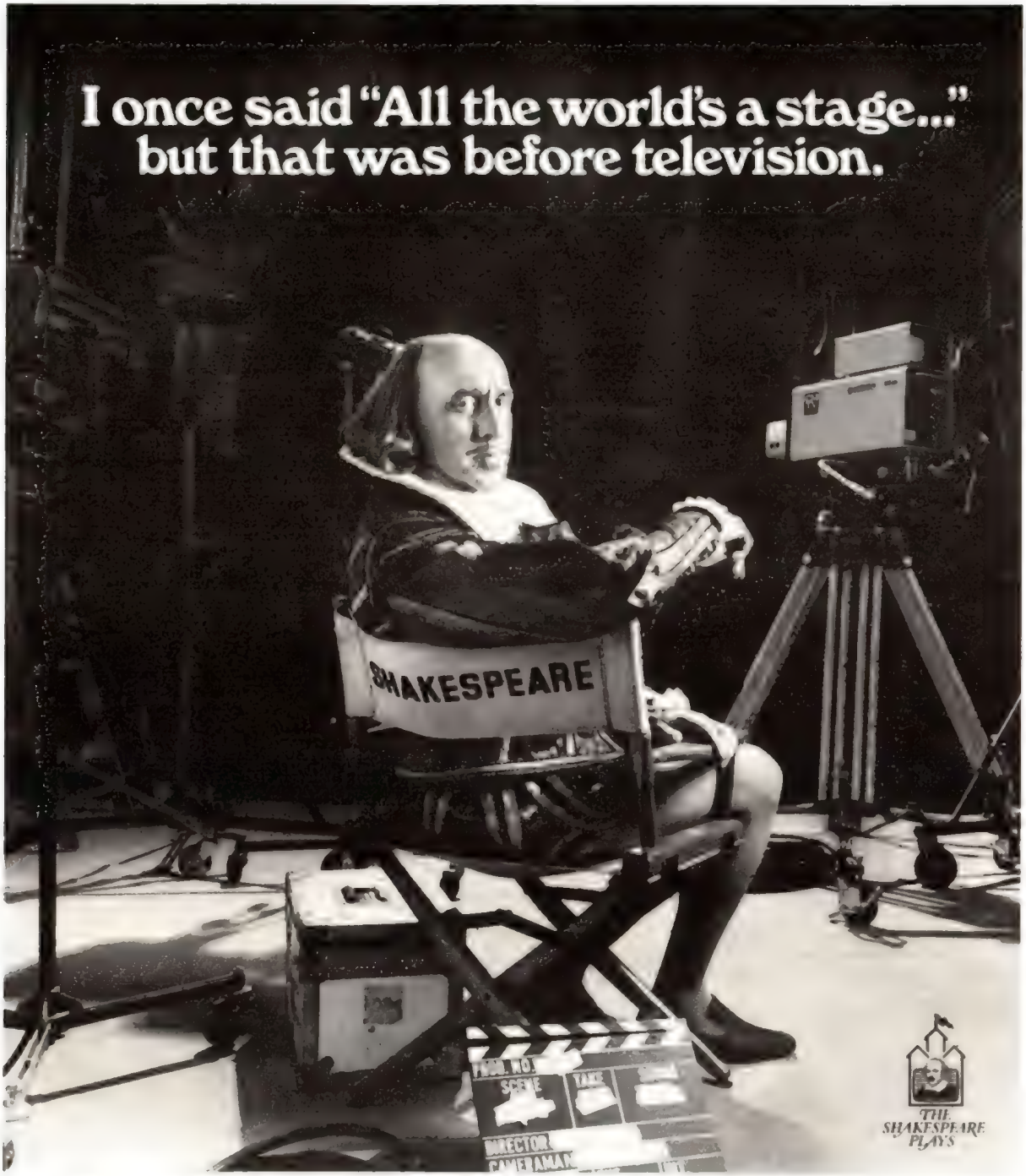
Harry Mattison moves to help fellow photographer Olivier Rebbot, wounded by sniper fire

Those who went in search of the facts were all too often engulfed in the violence.

While the tide of battle continued to go against the guerrillas, exiled leaders of the F.M.L.N. assembled a new seven-member "diplomatic-political commission" in Mexico City. The leader of this umbrella group is Guillermo Manuel Ungo, 49, a Social Democrat who was President Duarte's running mate in the 1972 elections, as well as a member of the original junta that replaced the military in October 1979. Apparently embarrassed by the guerrillas' failure to produce a mass uprising, the commission insisted that the current offensive was not, after all, the "final" one. But what goaded the guerrillas into action at this time was their well-founded fear that Ronald Reagan, as President, will give the military all the American aid and advisers necessary to wipe out the leftists. Such a swing to the right, it is believed, could even sweep Duarte from power.

The civil war in El Salvador is a conflict with no victors, only victims; indeed, there are those who would argue neither side deserves to win. Despite its commitment to a sweeping land reform program, the junta headed by Duarte has been tarnished by its inability to control the security forces, which have condoned and perhaps participated in the torture and execution of suspected leftists by right-wing death squads. The F.M.L.N., meanwhile, has managed to alienate much of its potential support among workers and peasants by answering violence with violence, brutality with brutality. Leftist death squads may be fewer in number than those on the right, but they are no less efficient in the business of killing. On a railway embankment outside the capital last week, the body of a dead youth was propped up, with a cigarette in his mouth, bearing a sign that read TRAITOR; it was signed by the F.M.L.N.

By now Salvadorans are as cynical about the leftists' rallying cries as they are sick of the violence. "We know that the right has done most of the killing," says a young mechanic in a San Salvador *barrio*, "but the left is also responsible. It has become natural for us to distrust all people with guns." —*By Sara Medina. Reported by Bernard Diederich/San Salvador*



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Protest sit-in: Members of a Rural Solidarity organizing group occupying a municipal office building in Ustrzyki Dolne

KHAYAT—IMAPRESS

POLAND

The Government Gets Tough

A perilous new round of labor confrontations

"There is no room in Poland today for two separate power centers," thundered Party Boss Stanislaw Kania. Added Politburo Member Kazimierz Barcikowski: "Some extremists look for success not in trade union work but in maintaining a permanent pressure on state authorities. These are very dangerous tactics." Those words were spoken last week at a meeting of regional Communist Party leaders in Warsaw. They appeared to signal the start of a hardening line toward Solidarity, Poland's federation of independent trade unions, as the government and workers engaged in a perilous new round of labor confrontations.

The menacing language was backed by the first show of governmental force since the country's labor turmoil erupted last summer. In the southeastern towns of Nowy Sacz and Ustrzyki Dolne, riot police wearing helmets and gas masks ousted militant workers and farmers from government buildings. The demonstrators were demanding the legalization of an independent farmers' union and protesting the harassment of Solidarity organizers. Violence was avoided when the protesters agreed to leave the offices.

Nonetheless, workers of the region counterpunched with a pair of "warning strikes" to protest the police action. About 100 small factories around Przemysl were shut down for an hour early last week. Workers also laid down their tools for two hours at 30 plants in and around Rzeszow, a city of 100,000 near the Soviet border. Rzeszow labor leaders warned that the whole southeastern part of the country would go out on strike if police tried to clear out the 350 demonstrators who have occupied the offices of the old party-controlled Trade Unions Council for the past three weeks. Those demonstrators, too, were demanding legal status for the new farmers' union.

In Warsaw, meanwhile, union leaders called a four-hour bus and streetcar strike at week's end to protest threatened pay cuts for workers who had stayed away from their jobs the previous Saturday. Other stoppages took place in the southern towns of Legnica and Mielec. Solidarity accused the Warsaw authorities of reneging on a promise to reduce the work week from six to five days. The government had granted the concession during negotiations that ended last summer's crippling national strike wave.

Polish authorities, however, later claimed that the catastrophic state of the economy made it impossible to eliminate Saturday work immediately. In an effort to head off a strike threat, Kania's government offered two compromise plans: a gradual move toward a five-day work week by 1985, or a work week consisting of five 8½-hour days. But Solidarity's national leadership, egged on by restive local chapters, rejected the half-loaf and unilaterally declared all Saturdays work-free. According to Solidarity officers, up to 85% of Poland's workers stayed at home on Jan. 10. In the face of these mounting pressures—and threats of a possible general strike—Warsaw has agreed to hold talks this week to seek a way out of the Saturday impasse.

Party Boss Stanislaw Kania in grim mood

"There is no room for two power centers."

The Saturday work boycott renewed fears that Solidarity's escalating demands could bring on a Soviet invasion. These worries were heightened by the arrival in Warsaw last week of Soviet Marshal Viktor Kulikov, commander in chief of Warsaw Pact Joint Armed Forces. Western observers interpreted Kulikov's visit as both a gesture of support for the Kania regime and a warning to the restive workers. Some analysts speculated that Kulikov may have discussed plans for joint maneuvers on Polish soil—an operation that could serve as a cover for Soviet intervention.

One immediate casualty of Warsaw's hardening line appeared to be Rural Solidarity, the 600,000-member independent farmers' union that has been seeking official recognition since September. Farm leaders had taken heart when the Supreme Court deferred a final decision on the group's legal status last month. That optimism now seems ill-founded. In his tough speech to party members, Kania declared: "We register our categorical opposition to all attempts at inciting the countryside, at sowing anarchy, or creating a political opposition." Among the organizers of the new farmers' movement, Kania charged, were "those who make no secret of their antisocialist or—to put it bluntly—counterrevolutionary designs."

Even as Warsaw held the line against

militant workers and farmers, there were signs that it was taking some reform promises seriously. The government last week published a draft program for sweeping economic change that would put greater emphasis on the profit motive, consult worker councils on management decisions and grant more autonomy to individual factories. It would also make concessions to the basic demands of the country's private farmers, who own about 75% of the land and produce 80% of Poland's domestically grown food supply. Among other things, the program called for higher prices for agricultural produce, equal access with state-run farms to machinery, fertilizer and supplies, and new regulations allowing private farmers to increase their land holdings more easily.

To bring about any improvement in Poland's troubled economy, the government must first win the trust of a cynical and disgruntled public. This is obviously no easy task, but there seemed to be some grounds for compromise. Before his departure for Rome last week, Solidarity Leader Lech Walesa told reporters, "We do not want a strike and will be looking for better solutions." Another spokesman for the unions described the boycott of Saturday work this way: "Not as a confrontation, but as a first stage leading to an agreement." ■

"I Have Been with You"

Under a wintry Italian sky, a gray-suited and solemn Lech Walesa, his wife Miroslawa and a 13-member delegation from Solidarity strode across the Vatican's stone-paved Court of San Damaso to the Apostolic Palace. For the occasion, the Swiss Guards had donned their red-plumed metal helmets, an honor usually reserved for visiting heads of state. The helmets attested to the special significance that the Vatican attached to last week's meeting between the leader of Solidarity and his Pope and countryman, John Paul II, formerly Karol Cardinal Wojtyla of Cracow.

The historic meeting of the two men, each in his own way a symbol of freedom to the Polish people, was marked by its simplicity. Approaching the Pope at the threshold of the papal library, Walesa dropped to his knees, kissed the papal ring and bowed his head. A devout Catholic who tries to attend Mass daily, Walesa at first resisted when the Pope tried to lift him from his knees. John Paul then ushered the union leader into the library for a half-hour private chat. One presumed topic of their conversation: how to keep the itchier members of Walesa's organization from touching off a Soviet invasion.

From its beginning, Walesa's independent trade union movement and the Polish Catholic Church have benefited from each other's support. But the church has taken a consistently conciliatory line toward the Communist government of Party Chief Stanislaw Kania, a fact that has irritated Solidarity's militants. The Pope last week seemed intent on soothing the ruffled workers and enhancing Walesa's stature. Observing that his visitor spoke extemporaneously in his public remarks after their library talk, the Pope held up his own carefully prepared notes and joked: "Mr. Walesa is a young man and so is able to speak without notes. But I am an old man and have to read my speech."

Then John Paul gave his unqualified support to the free trade union movement. "I wish to assure you," he told Walesa, "that during your difficulties I have been with you in a special way, above all through prayer, but also in every way discreetly possible." He called the creation of Solidarity "an event of great importance" and asserted that the right to form free associations is "one of the fundamental human rights." However, the Pontiff also counseled moderation, and praised the workers for their maturity "against the background of terror which does not spare the lives of innocent men." The meeting concluded with an exchange of gifts. Walesa gave the Pope a ship model made by the Gdansk shipworkers and a replica of the recently constructed monument to the slain workers of the 1970 Baltic seaport riots. The Pope presented Walesa and his wife with rosaries and a signed photograph of himself.

John Paul raises Union Leader Walesa from his knee

It was Walesa's first trip outside his homeland, and Italy's infamous *paparazzi* treated him like a show-biz superstar. The photographers shouted and jostled for position even when Walesa and his companions stopped for a moment of prayer. Near the Benedictine monastery of Monte Cassino, site of a major battle during the Allied invasion of World War II, the group stopped to lay a floral wreath (and a copy of Solidarity's bylaws) at the graves of some 1,000 Polish soldiers who died there; Walesa at one point had to halt the procession for fear that Anna Walentynowicz, a Solidarity presidium member, would be swallowed up in the crowd.

Meanwhile, Walesa was courted by the Italian trade unions. THE WORKERS OF ROME ARE AT THE SIDE OF THE POLISH WORKERS IN THEIR STRUGGLE read posters on the walls of Rome's Savoy cinema house. As he entered the theater he received a thunderous ovation. "I don't know whether I'm in Rome or Poland," commented the gratified visitor.

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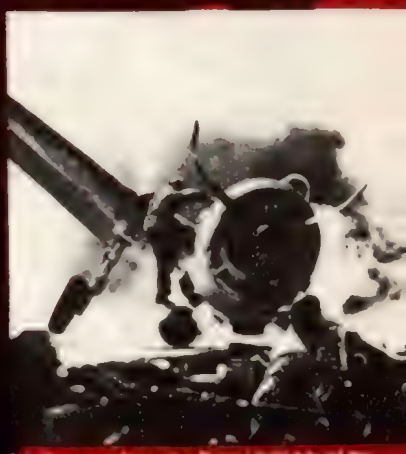

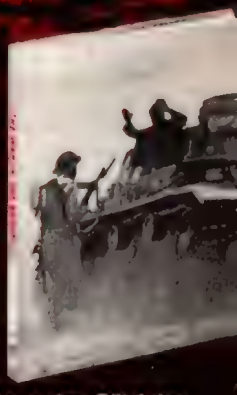

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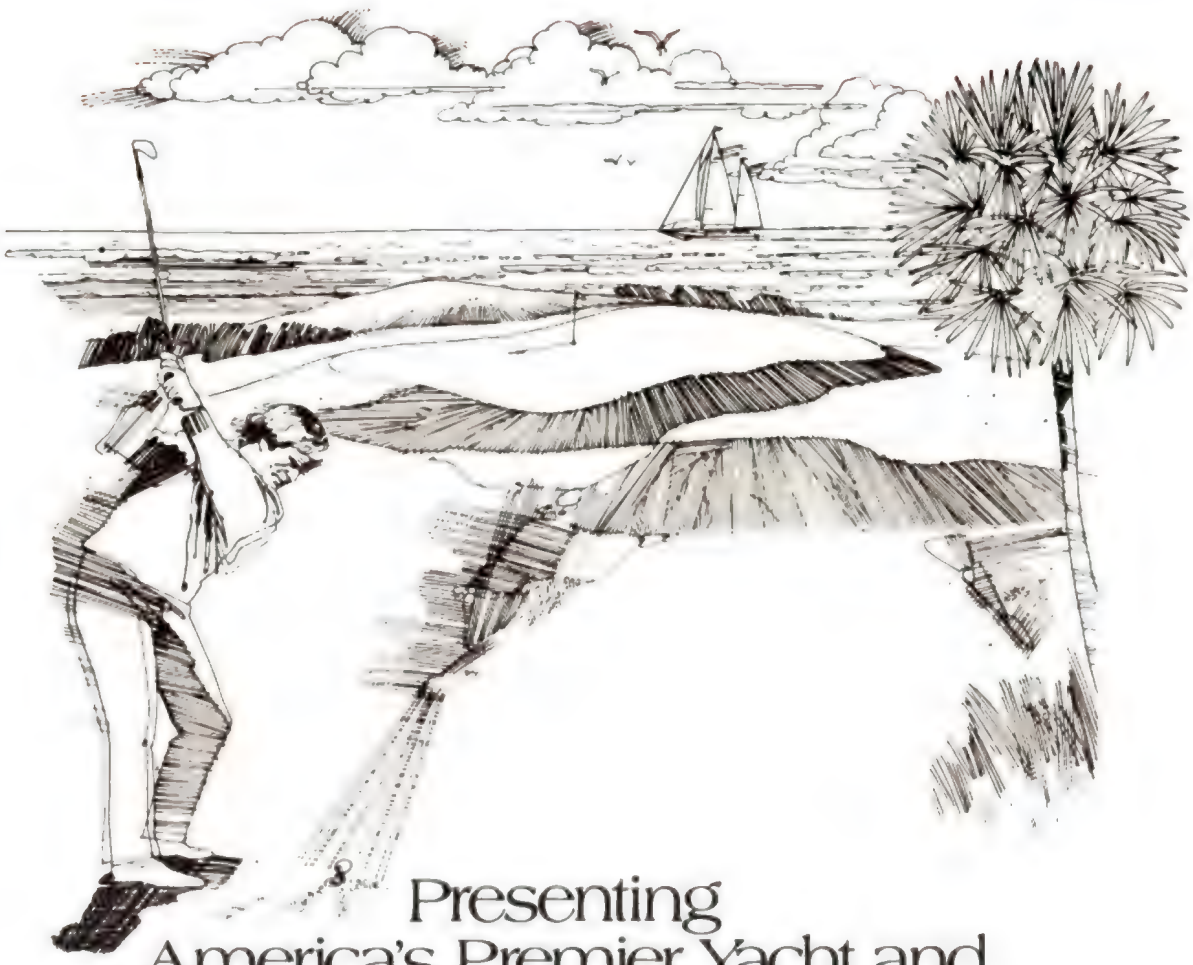

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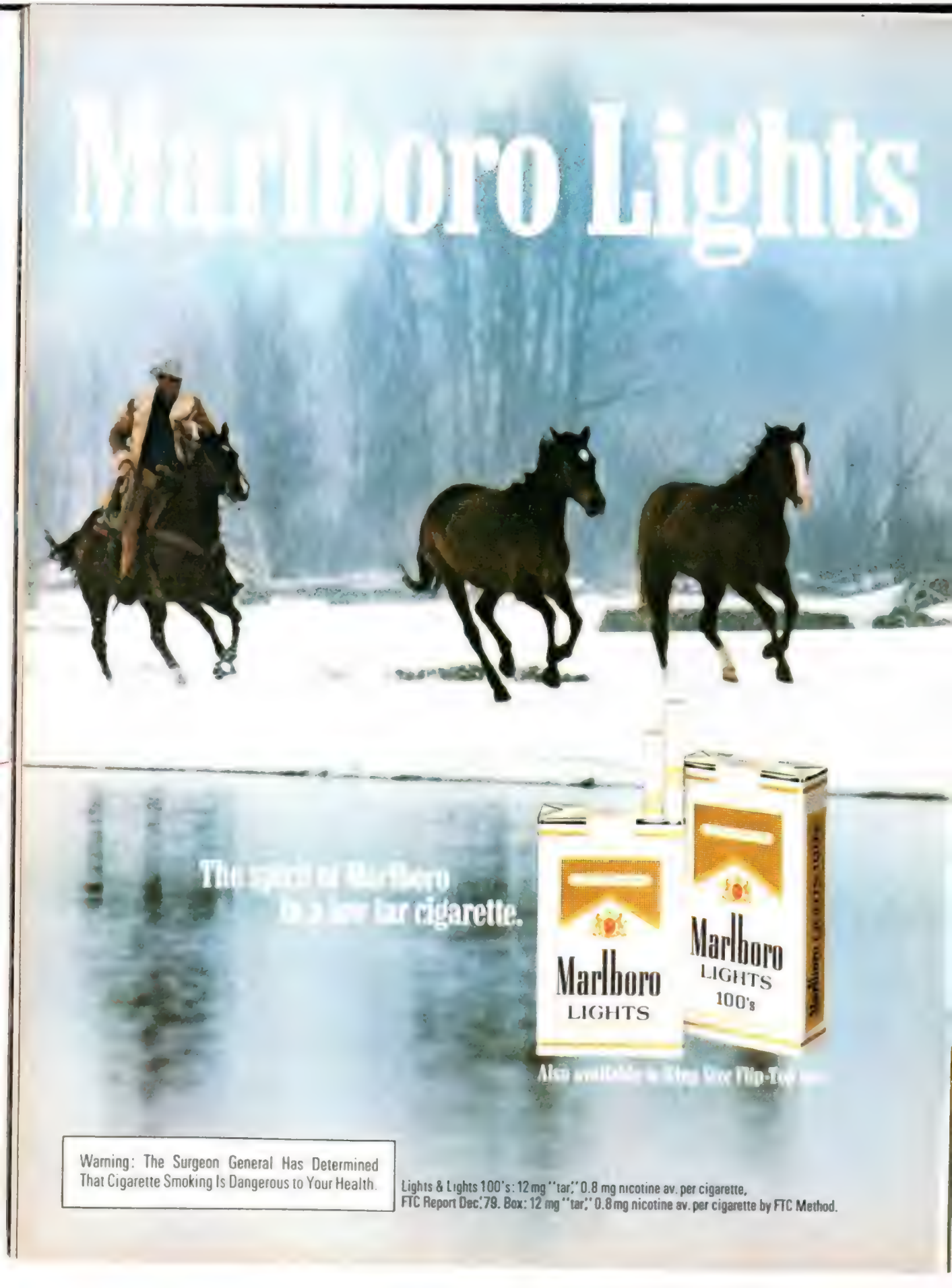

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NAMIBIA

Cease-Fire Flop

A conference ends in disarray

The grim gray cold that assaulted delegates as they left Geneva's snow-covered Palais des Nations matched their spirits. After a week of deliberations, the United Nations–sponsored conference on the future of Namibia (South West Africa) had ended in acrimony. South Africa, which has administered the former German territory since 1920, once again rejected a Western proposal to end the civil war that has wrenched mineral-rich Namibia for more than a decade. Concluded Britain's Brian Urquhart, the U.N. Under Secretary–General for Special Political Affairs, who ran the conference: "A great opportunity was missed."

A key participant in the talks was Sam Nujoma, president of the insurgent, Marxist-oriented South West Africa People's Organization (SWAPO), which the U.N. has recognized as "the authentic representative of the Namibian people." Nujoma was ready to sign a supervised cease-fire agreement that would end fighting between 7,000 to 8,000 SWAPO rebels and 20,000 South African troops in Namibia by March 31. U.N.-supervised elections, to be held seven months later, would lead to eventual independence. Despite the U.N.'s endorsement of SWAPO, he said that his organization would accept "equal status" in the election campaign with Namibian political parties sponsored by South Africa.

But even with Nujoma's concessions, the South African–led Namibian delegation rejected the cease-fire proposal on the ground that the U.N. was biased toward SWAPO. Dirk Mudge, chairman of the Democratic Turnhalle Alliance, the multiracial coalition that currently dominates Namibia's Pretoria-backed administration, contended that a cease-fire now would be premature. In fact, what really worried Mudge and the South Africans was that SWAPO would defeat the Turnhalle Alliance in a free and fair election.

As the conference ended, Nujoma declared, "We'll go back to our bases and resume our fight until final victory." By week's end the violence had claimed more lives: five civilians were killed and two wounded when their truck hit a guerrilla land mine 30 miles from the Angolan border. Nujoma also vowed to renew his demands that the U.N. Security Council follow up its 1977 arms embargo against South Africa with economic sanctions. Britain, which has opposed such extreme measures in the past, has indicated that it might vote for a sanctions resolution. That might leave a veto up to the U.S. —and thus provide the Reagan Administration with one of its first tough foreign policy tests. ■

PETER JORDAN

Proving he is number one: Prime Minister Mugabe announces his Cabinet shuffle

ZIMBABWE

Diplomatic Show of Strength

Clipping the wings of troublesome Cabinet members

When Robert Mugabe became independent Zimbabwe's first Prime Minister last April, jubilant blacks danced in the streets to celebrate their hard-won triumph over white minority rule. Last week it was the whites who were applauding after Mugabe clipped the wings of two of the most nettlesome personalities within his black majority government. Said a prominent Salisbury businessman: "This is the first sign of his real strength. This is what the people have been waiting for."

The main victim of Mugabe's sudden Cabinet reshuffle was Minister of Manpower, Planning and Development Edgar Tekere. A rambunctious ex-guerrilla, Tekere had defied the Prime Minister's policy of national reconciliation with repeated threats to expropriate white-owned property and liquidate his political enemies in "an overnight military operation." Last August Tekere was arrested, along with seven bodyguards, on charges of killing a white farm manager. Although Tekere admitted to the murder, he was acquitted on a technicality last month; the unrepentant minister resumed his Cabinet duties—and his freewheeling ways.

Mugabe's handling of Tekere was widely viewed as a test of his leadership —and the helmsman played it masterly. He let justice take its course, waited for the dust to settle, then severed the troublesome member with one clean stroke. In announcing Tekere's dismissal, Mugabe denied any connection with the murder trial. Mugabe's tongue-in-cheek reason for the ouster: "I felt he needed a bit of rest so he can recover from the pressures and strains he has had."

Mugabe was no less diplomatic in announcing Joshua Nkomo's shift from the Ministry of Home Affairs to the Ministry of Public Service. This was, in effect, a humiliating demotion, since it stripped Nkomo of his control over the national police. Mugabe said that necessary "transformations" in the Home Affairs department "seemed to lag behind expectations, so most of the criticism of the police became criticism of Comrade Nkomo." This, he said, was "completely unjustified."

The real reason for reducing Nkomo's influence was that his Patriotic Front Party, with its roots in the minority Ndebele tribal region, constituted a permanent menace to the power of Mugabe's Shona-dominated Zimbabwe African National Union (ZANU). Armed supporters of the two parties have clashed violently in recent months. Their continuing rivalry threatens the crucial integration of the two guerrilla armies with the former Rhodesian security forces.

While Nkomo may feel resentful over his demotion, he has no constitutional grounds for complaint: having captured a mere 20% of the parliamentary seats in the independence elections that were held last February, his party had only been included in the government by invitation. Nor was that invitation completely withdrawn last week. Still anxious to mollify the Patriotic Front forces, the Prime Minister appointed a Nkomo stalwart, Josiah Chinamano, to head the Ministry of Transport. The Patriotic Front now holds five portfolios in Mugabe's 26-member Cabinet—not a bad deal for an outvoted minority. ■

CHINA

Waiting for the Big Verdict

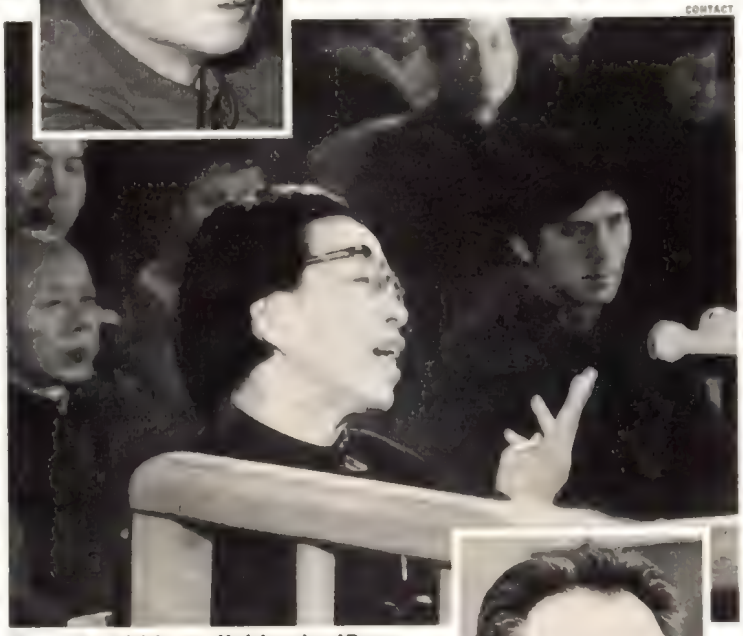
The Gang of Four trial reflects uncertainty at the top

"We're all waiting to see if they will execute her or not." That comment last week, by a university professor who had been imprisoned during the Great Proletarian Cultural Revolution, typified the growing curiosity of China's millions about the outcome of the show trial of Mao Tse-tung's widow Jiang Qing and nine other Chinese "evildoers" in Peking. Hearings ended nearly four weeks ago, after the prosecution demanded the death penalty for Jiang and her notorious Gang of Four. The sentences could finally come this week. However, according to TIME Peking Bureau Chief Richard Bernstein, the failure of the court to deliver a quick verdict reflected a mood of uncertainty among China's political leaders. Bernstein's analysis:

China's leaders have not offered any explanation for the delay in sentencing. They maintain that the decision rests entirely with the 35-member panel of judges that presided over the eight-week-long trial. Yet many Chinese are convinced that the politically explosive verdict is being handled by the highest officials of the Communist Party. Indeed, one member of the court, Anthropologist Fei Xiaotung, left Peking for a visit to Canada last week—a sure sign that the judges' participation was no longer necessary.

The dilemma for the leaders seems to be this: Should they execute Mao's widow, or impose the death penalty but not carry it out? Peking sources say that powerful Vice Chairman Deng Xiaoping fears that executing Jiang Qing would not only deeply offend those Chinese who still cherish the memory of Mao but would also turn her into a martyr. Deng, however, has apparently not convinced members of the Politburo, as well as other party leaders who suffered at Jiang's hands during the Cultural Revolution, that executing her would do more harm than good. "There are different opinions," admits one well-placed party official. "Some believe that if Jiang Qing's terrible crimes do not bring on an execution, then nobody can legitimately get the death sentence again. Others are more concerned about the political situation."

In the end, Deng is likely to get his way, and sentences could be announced this week. Nonetheless, the failure to dispose of the Gang of Four case comes at an awkward moment for top party leaders; they have frankly admitted that there is widespread disillusionment as to the party's ability to achieve results in just about everything. One problem is the persistent appearance of disunity at the top, brought about most recently by Deng's unceremonious dumping of Hua Guofeng as party chairman in late December. Deng sought to allay rumors that China was in the grip of a new power struggle by telling a group of Japanese visitors last week that "our situation is the most stable it has been since the 1960s."



CONTACT

Jiang at her trial; insets: Hu (above) and Deng

The party will tolerate no real opposition.

Most observers agree that Deng is firmly in power. One sign: the circulation of a secret party document confirming that his close ally, Secretary-General Hu Yaobang, has been chosen to succeed Hua as chairman; that decision will be formalized by the party Central Committee later this year. "Hu is the perfect choice," insists one Communist official. "He is different from many of our leading comrades —Hu is not at all conservative. He dares to think."

Even so, both Hu and Deng face a grave crisis of public confidence: except in agriculture, the party leadership has been unable to show many tangible benefits from Deng's Four Modernizations program, proclaimed with much fanfare nearly four years ago. Article after article in the official press has admitted recently that "our party prestige is not high." Hu himself, in a publicized speech late last year, portentously declared the reform of the party to be "a matter of life and death." Over the past few months, newspapers have stressed the need to reduce the excessive scale of new construction, and to check an inflation rate (officially estimated at 5%) that threatens to wipe out pay increases and bonuses that have been distributed in factories and enterprises. As one official puts it, "A lot of leading cadres pay lip service to the economic readjustment, but refuse to carry it out in practice. Especially at the ministerial level, many leaders believe that reduced spending is good for somebody else."

At a meeting of top party leaders last month, Deng issued a fervent call for renewed unity and discipline. In his speech, which is being circulated to all party officials, he listed a host of problems, including the failure of many officials to carry out party decisions, and social disorders that ranged from "setting off explosions" to "stirring up trouble by using methods employed during the Cultural Revolution." (One example: an aborted attempt by workers to organize a Polish-style independent labor union in Shaanxi province.) Deng demanded a harder line on obedience to party leadership, less tolerance of those who "pursue liberalization and oppose socialism," and stricter measures to "suppress counterrevolutionaries, criminals and lawbreakers." By week's end Page One editorials in every major newspaper in the country were echoing Deng's themes and calling for "political stability." The meaning was clear: despite its lowered prestige, the party was mounting a new campaign to warn that it will tolerate no opposition to its power. ■

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Carter's Farewell Budget

The 1982 projections may overwhelm Reagan's plans for cutting taxes

The 1982 budget that Jimmy Carter sent to Congress last week was a cold slap of reality for Ronald Reagan on the eve of his Inauguration. The legacy of federal largesse that Reagan inherits is far worse than he had suspected, and the yawning budget deficit severely threatens his strategy to stimulate the U.S. economy by cutting taxes.

The new budget does little to reverse the federal spending machine. Outlays in fiscal 1982 are slated to rise by 11.5%, to $739 billion, leaving a projected deficit of $27.5 billion. More than 75% of the payments are considered "uncontrollable." These include escalating social expenditures like Medicare benefits that are mandated by law and can only be reduced by congressional action. Fully 30% of spending is now indexed to rise automatically in tandem with inflation.

Overall, Carter in his final budget was generous with the Pentagon and stingy with almost everyone else, where he had any choice in the matter. Military spending is projected to rise by 14.5% next year, to $184.4 billion, or an increase of 5% after adjustment for inflation. Carter has already granted a 16% pay hike to servicemen in order to attract and keep better recruits. More money will be used to stockpile spare parts, and a mix of new ships, fighter planes, Trident submarines and MX intercontinental missiles will be added to U.S. armaments in 1982 and in future years.

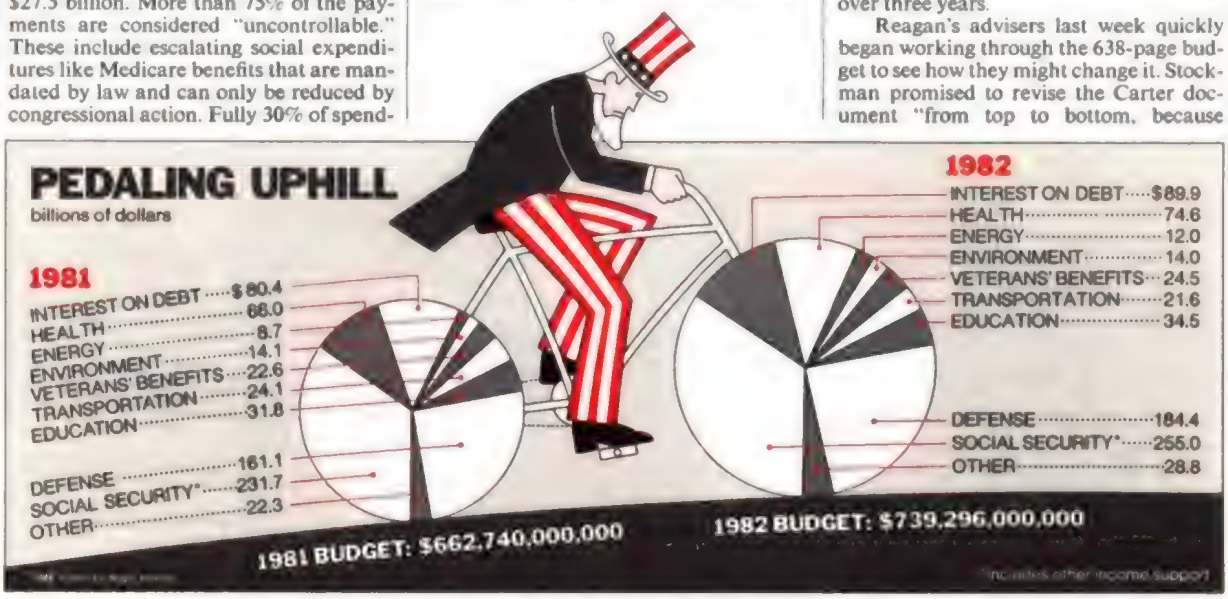
Only a handful of nondefense programs did well in Carter's budget. The outgoing President asked for a 21% increase in science, space and technology programs and a 37% boost in energy-related outlays. Among the departments scheduled for big cuts is transportation, down almost 10% because of a decline in aid to railroads. On the whole, Carter optimistically predicted that all expenditures other than defense spending will actually fall by .2% next year after inflation is taken into account.

Carter, who campaigned in 1976 on a pledge to balance the budget by 1981, was obviously trying to leave office with as small a deficit as possible, and he sometimes used mirrors to accomplish that. His revenue estimates, for example, include $13.1 billion from a proposed extra 10¢-per-gal. tax on gasoline. Congress has often made it clear that it will not increase the tax on gas. Carter also proclaims that the annual pay raise for federal employees in October will be held to 5.5%. Such restraint seems unlikely; last year Carter initially suggested a 7.8% civil service pay hike, only to increase it later to 9.1%. After looking over Carter's numbers, David Stockman, Reagan's budget chief, charged that "the relatively low deficit is entirely cosmetic and artificial."

As spending surges, the tax burden grows steadily heavier. Next year federal revenues will consume 22% of the gross national product, up from 18% in 1976. Carter's budget includes no personal tax relief in 1981 and only a token $9 billion cut in 1982. Even that reduction will not offset increases in Social Security levies that will boost individual taxes by some $16 billion during the same time period. But despite the higher taxes, the Carter Administration still opposed significant tax reduction. Said Carter: "I continue to believe that large inflationary individual income tax cuts are neither appropriate nor possible today, however popular they might appear in the short run." That was a not-so-subtle swipe at Reagan's campaign pledge to cut personal taxes 30% over three years.

Reagan's advisers last week quickly began working through the 638-page budget to see how they might change it. Stockman promised to revise the Carter document "from top to bottom, because clearly it is not an acceptable fiscal policy and would only cause further deterioration of the economy." He hopes to trim an additional $30 billion to $50 billion of nondefense expenditures. But despite such grand claims, the Carter budget will remain the centerpiece for discussions about 1982 spending. The Reagan Administration will be able to alter some parts of it, but the broad thrust of federal spending during the next fiscal year has been set and will remain.

The final decisions on spending will be taken by Congress. During his term, Carter made sporadic attempts to reduce outlays. He offered new legislation to force hospitals to curb Medicare costs, a plan to trim student-loan programs and even a quixotic proposal to pare Social Security payments. But these efforts were all stillborn on Capitol Hill. Laments one Carter



lieutenant, looking back on the experience: "Just about every time we went to Congress, we got massacred."

The possibility of serious congressional action, however, has never been greater. For the first time in 28 years the G.O.P. controls the Senate, and a coalition of Republicans and conservative Democrats may dominate the House. Strong advocates of spending curbs have taken over the reins of the two budget committees: Republican Pete Domenici of New Mexico in the Senate and Democrat James Jones of Oklahoma in the House. Jones is already urging a budget reduction of $30 billion, and Domenici's staff has drawn up a 43-page compendium of 197 possible cuts. Says Domenici: "The truth of the matter is that things are desperate."

Nevertheless, old ways will be hard to change. Congressmen have always fought ferociously to save pork-barrel water projects, obsolete military bases or other federal favors in their districts. Stockman had a preview of future battles two weeks ago during his Senate confirmation hearings. Democrat James Sasser of Tennessee fretted that Stockman's proposed reforms of federal credit programs would increase the borrowing costs of the Tennessee Valley Authority and boost his constituents' electric bills, while Democrat John Glenn of Ohio was concerned that Stockman offered no special help for his state's steel firms.

The budget task ahead involves more than lowering the expectations of a few regional constituencies. Congressmen will have to reconsider open-ended programs that benefit millions of Americans, from farmers and students to veterans and senior citizens. One early fight may be over indexation, the practice that automatically increases many Government programs at the same pace as inflation.

Economists believe the consumer price index, which is used as a guideline for federal indexation, often overstates inflation by perhaps 2% because it exaggerates the cost of housing. In his proposals last week, Carter recommended that the problem be partially corrected by using a slightly different Government price index. If this change were already in place, the 1982 deficit would have been $13 billion lower. Social Security recipients, Government pensioners and veterans, whose benefits are all indexed, will undoubtedly fight any change in the system.

Ever since the election swept Reagan into the White House and conservatives into Congress, Republicans and Democrats alike have been lamenting that the budget is "hemorrhaging." Indeed, that fact became the cliché of the Reagan transition. To stanch the flow, Reagan will have to galvanize Congress into making difficult spending reductions or he will be unable to deliver on his promises to rebuild American military might, cut taxes and get the economy moving again. —*By Charles Alexander. Reported by William Blaylock/Washington*

Lee Iacocca, Douglas Fraser and G. William Miller celebrate the latest loan approval

Dressing Up a Merger Partner

With $400 million in new loans, Chrysler seeks a suitor

Another chapter in Chrysler's struggle for survival was concluded last week, when the Government's Loan Guarantee Board gave preliminary approval to an additional $400 million in federally backed loans for the automaker. This time there were fewer of the reassuring promises that Chrysler can remain an independent automobile manufacturer. Instead, the latest negotiations stressed the need to make the nearly insolvent company a more attractive candidate for partnership or takeover. Company Chairman Lee Iacocca called the agreement a "super deal" that could bring "several suitors out of the woodwork."

Outgoing Treasury Secretary G. William Miller was the leading makeup artist trying to beautify the corporate wallflower. Just as President Carter negotiated against the clock for the release of the American hostages, Miller was pushing Chrysler's bankers, union and suppliers into a deal before the end of the Carter Administration. Reluctantly, they all agreed.

Miller persuaded representatives of Chrysler's 150 lenders, mostly banks, to wipe out the company's $1.1 billion in private debt: more than half of the outstanding loans will be converted to preferred stock, and the remainder can be paid off at the rate of 30¢ on the dollar. Miller also helped talk the United Auto Workers into what Union President Douglas Fraser called "the worst economic settlement we've ever made." The U.A.W. leaders accepted $622 million in additional wage concessions in exchange for a package of noneconomic gains, including a blue-collar profit-sharing program. But Fraser pointed out that "the only thing worse is the alternative, and that is having no jobs." Finally, Chrysler's suppliers will agree to $72 million in price cuts. The total package will reduce the company's yearly operating costs by $500 million.

In addition to the good news from Washington, Chrysler has recently received encouraging reports from the marketplace. During the first ten days of January, sales rose by nearly 5% over the same period a year ago. By comparison, General Motors' sales dropped by 17%, and Ford's sank by 33%.

Iacocca has long anticipated the need for a consolidation of the world's auto companies, and first floated the idea of a "Global Motors" to bankers in 1978. But his company has had little luck finding a partner. Volkswagen backed away from a deal nearly two years ago; France's Peugeot-Citroën and Japan's Mitsubishi, with whom Chrysler already has business ties, have shown little interest.

Chrysler's problems, though, are only part of the whole American auto industry's troubles, as outlined in a report released last week by departing Transportation Secretary Neil Goldschmidt. The report warns that the Japanese will continue to win a greater share of U.S. sales because of lower labor costs, superior productivity and better business-government relations. Goldschmidt, for example, suggests that Ford may one day be forced to move most of its production overseas, which would severely injure basic U.S. industries like rubber and steel.

Goldschmidt's solution to the automakers' problems is for the U.S. to adopt some of the Japanese techniques. He says that the Government, management and labor should cooperate to cut manufacturing costs and increase profits through such measures as relaxed antitrust laws and slower and smaller wage increases. To buy time for this new effort, Goldschmidt proposes that Japanese auto imports be restricted for the next five years. He gloomily predicts that otherwise only General Motors will survive as a made-in-the-U.S.A. auto manufacturer. ■

The Little Engines of Growth

Small firms struggle with a plague of tough problems

Much of the business of America is small business. Some 55% of the U.S. labor force is employed by companies with fewer than 100 workers. During the past decade, two-thirds of all new jobs were created by such firms. TIME *reporters recently visited several small businesses around the U.S. to learn how they are dealing with problems of energy, inflation and high interest rates. Reports on four firms:*

A Love Affair with Laundry

Success in a small business requires any number of attributes, but perhaps the most important one is a love for the work. Bill McDaniel, 55, of Atlanta feels that way about the dry-cleaning business. He has tried his hand at half a dozen other jobs, but none has matched the satisfaction he derives from operating Bill McDaniel's Cleaners in Atlanta. Says he: "I am intrigued by the business. It is fast moving, and the time goes by quickly. In dry cleaning, you can really stay busy."

As a World War II sailor on board the oil tanker *Nantahala*, McDaniel washed his own dungarees in the boiler room and patted a crease into the legs. But his initial try at running his own dry-cleaning operation failed in 1972 because of the increasing popularity of wash-and-wear garments and the loss of two high-volume customers. After his business declined by $30,000 over three years, McDaniel was forced to sell out for $32,000. He had unsuccessful flings in real estate leasing and carpet cleaning, but then in 1975 he bought a second dry-cleaning shop from a friend who was operating it unprofitably. "I thought I was through with dry cleaning, but it was a bargain," he says.

McDaniel's shop, which is located next to an insurance office in a small shopping center, draws about 200 steady customers from nearby office and apartment complexes. Business has increased steadily in the past few years, thanks in part to the growing number of two-income families who have less time available for laundry chores. Last year McDaniel's Cleaners did a business of $130,000, up from $119,000 in 1979.

Rising costs are McDaniel's biggest concern. He tries to keep his overhead to a minimum by working long hours and closely watching the use of energy. McDaniel opens the shop himself at 7:30 each weekday morning and fires up the boiler that makes steam to press garments. By the time a helper arrives at 8 a.m., McDaniel has already cleaned a 50-lb. load of clothes and hung them on hangers. His wife helps run the shop, working the counter and mending garments; and all three of their children have also worked there.

Despite skimping on salaries for himself and four nonfamily employees, McDaniel fears that his expensive equipment (cost of a new boiler: $9,800) will break down, forcing him to borrow money to stay in business. "If I had to replace anything, it would be very costly. And with interest rates as high as they are, I don't know if I could do it."

Nevertheless, McDaniel is determined to stay with the business he loves. That attitude can be seen in his attention for detail. For example, he disdains commercial spot removers and often tests two or three chemicals himself to remove difficult stains. Says he: "This is a personalized business. Individually owned dry cleaners do the best. You just don't work in those big chains like you do in your own plant."

Tied Up in Red Tape

Edwin Jones and Ronald Shaw contributed $80 each in 1978 to start Coastal Building and Solar in suburban San Diego. Operating out of Jones' wood-frame house and working twelve-hour days, the two men quickly built up their own remodeling business. By 1979 the company employed 15 part-time workers and had around $130,000 in business.

Establishing a new enterprise involves many unexpected problems. One difficult task for Jones and Shaw was finding qualified workers. They hired journeyman carpenters, plumbers and electricians, but often found that they did poor work. "We had people whose work passed the building codes but it just wasn't acceptable to us," says Jones. In one case, the concrete was poured incorrectly, while in another one a repaired gas line would not hold pressure.

Struggling with high raw material prices and energy costs was also difficult. The price of many building materials has soared in the past two years. A standard eight-foot two-by-four, for example, has jumped in price from 97¢ in 1978 to $1.92 last year, while the rental fees on dumpsters, which are large trash bins used at construction sites, almost trebled to $72 a month during the same period. But the two entrepreneurs found ways to cut costs. One gambit was to drive their 1958 International truck across the Mexican border to buy gasoline in Tijuana at 42¢ per gal.

By last summer, however, Coastal Building was almost out of business. The firm had fired all 15 employees, and was $34,000 in debt, including $6,000 to the Federal Government for back payroll taxes. Jones, Shaw and their once promising enterprise had become victims to bureaucratic rules and Government red tape.

The first problem the two faced was with building inspectors. One city official, for example, approved running the wood siding on a building all the way down to the ground, but then another official made the businessmen change it so that the siding did not touch the earth. An inspector forced Shaw to modify the support system for a gabled roof, but then when he used the same method on another house, a different inspector banned it. Complains Shaw: "The problem is that you can't get mad at a building inspector because you have got to work with those guys."

In an attempt to get new business, the two men submitted bids on ten remodeling projects of the Department of Housing and Urban Development. But during the three- or four-month delay in obtaining HUD approval, their costs skyrocketed because of inflation. The result: most of the profit on the jobs was lost.

In a perhaps fitting denouement to their company's slide, Jones and Shaw early this month went to the Internal Revenue Service office in San Diego to arrange payment for their remaining $1,619 in back taxes. When the two businessmen were informed that they had just ten days to pay, an angry Jones demanded to know why they had not been told of that earlier. The IRS clerk replied calmly: "Probably incompetence around here. It sounds like a lot of red tape, but that's the Government."

Illustrations for TIME by Heather Taylor

Profits Made to Measure

Ted Despos, 39, the son of a Greek immigrant tailor, is the embodiment of the American success story. He learned to cut and sew at his father's knee, and five years ago he opened his own tailoring shop on one of the busiest crosstown streets in Fort Wayne, Ind. He quickly discovered that there was a bonanza in alterations. Says he: "People had lapels on old suits altered for $35 each instead of paying thousands for a new wardrobe." The first year his shop was open, Despos did $95,000 worth of business. Today he employs his father as a tailor plus three apprentices, and the gross is up to $275,000

The elder Despos had come to Fort Wayne after World War II to open a tailor's shop, and his son started in the trade sweeping the floor after school. "It was a while before my father handed me a knife and even allowed me to open seams," he recalls. Although he always wanted to run his own business, he and his father clashed. Thus after studying business administration at the University of Indiana, Despos became a stockbroker. But a few years later he was back helping his father in the afternoons after the market closed. Eventually he accumulated $3,000 in savings and was running his own shop. "Tailoring is a skilled trade with a lot of pride of workmanship," he says. "It is a great satisfaction to make a beautiful suit."

Prospects for Despos and his business are good. Six years ago he started selling custom-tailored men's suits for $300 to $600. Now some time-pressed customers order clothes over the phone, confident that he knows their fit and taste so well that he can pick out a fabric and get started on the garment before they need to come in for a fitting. But his ambitions go far beyond that. "I would like to get into clothing manufacturing on a limited scale," he says. He believes that he could profitably sell the same woman's skirt that goes for $150 to $175 in Fort Wayne department stores for $100 in his shop.

Despos' problem right now is that he urgently needs more working space. Clothes waiting to be altered lie in heaps on the floor, and the work flow is poor because his 1,400-sq.-ft. shop is so cramped. He also needs more sewing machines. For six weeks he had to put up a sign declining new work. "If I don't expand, I'll have to decrease my business," he frets. "Our customers have been super about it, but I wonder if they won't go elsewhere."

Despos has already found a site for a bigger operation, an empty Amoco filling station half a mile from where he is now located. The total cost of moving there, including new machines and remodeling, would come to about $175,000. But Despos is finding that he cannot afford to borrow the money from his local banker. The Fort Wayne National Bank, where he has been a customer for three years, would have given him a mortgage last October with an interest rate somewhere between 13% and 14%. But the bank insisted on a 30% cash down payment and Despos could not afford it. The $52,500 cash outlay would have eaten up all the tailor's working capital. Since then mortgage rates have climbed to 16%.

Still faced with the need to move, Despos applied to the Small Business Administration for a $150,000 loan at 9.25% interest. A friend who used to work for the SBA in Washington, D.C., though, told the tailor that he had little chance of getting a loan. The reason: he is not a member of one of SBA's priority groups —black, female, handicapped or a Viet Nam veteran.

Despos, therefore, continues to run his business in tight quarters, but his anger is mounting. Says he: "I don't really want a new Government program to help small businessmen. Yet it's so frustrating to know a larger clientele is there to be served if only the financial markets were not so bad."

Yankee Innovation Pays Off

The one-story, cement-block building that houses Black & Webster Inc. of Waltham, Mass., nestles in a wooded hollow, unspoiled by the soot of sprawling factories. From his white-marble-top desk, President Peter T. Webster, 41, can watch pheasants dart across the lawn. But the rustic setting is deceptive. Webster and his staff of 83 people, including six engineers and ten highly skilled machinists, turn out such space-age products as orbital riveters and vibratory feeders

Like many small high-technology companies, B & W has parlayed astute innovation and aggressive marketing into rapid growth. In 1945 the firm started out manufacturing the valves used to mix soda water and syrup in Coca-Cola machines at soda fountains. Since then it has made machine tools for General Electric, R.C.A. and Texas Instruments. Between 1975 and 1979 business expanded by 25% annually.

But not last year. As towering interest rates and inflation clobbered the economy, B & W's sales grew by a disappointing 6%, to $6.2 million. Profits were off 60%. And during the final three months of 1980 the firm barely broke even.

The uncertainties generated by the current economic turmoil have trapped Webster in a tense guessing game. He must pick a price level low enough to stimulate new sales but high enough to cover soaring costs. In 1980 the prices of his raw materials, including steel and plastic, jumped anywhere from 7% to 20%. Says Webster: "Every decision has a bearing on the bottom line. During inflationary times my margin for error is erased."

At the top of Webster's worry list is the high cost of energy, and so he has sought a number of ways to cut fuel use. Since 1977 the company has invested $1,500 for ceiling fans to blow hot air down to the floor of the plant and $10,000 for a miniature computer that governs the heating and air-conditioning system to regulate air temperature for maximum energy efficiency. Even with these and other tough conservation measures, the firm's heating oil and electricity bills have gone up by 54% since 1977, to $37,000 a year.

High interest rates have severely slowed Webster's efforts to boost productivity through capital investment. Two years ago he spent $80,000 for a "machining center" that can wield up to 25 different tools while making B & W products. The firm is now large enough to use a second machining center, but the price has jumped to $150,000 in the past three years. Webster has delayed borrowing the money because his bank demands a staggering 20½% interest. Says he: "I have to guess how soon I should go to the bank. If I wait too long because of interest rates, it's going to cost us business."

Despite his current troubles, Webster remains confident that his firm will not stay down for long. In fact, he boldly predicts a sales surge of 25% in 1982. His reason: members of the baby boom generation born in the '50s are reaching the age at which they buy houses and the major appliances to go in them. Many of those products will be made with his equipment. Says Webster: "Unless we really foul up the economy, expansion is inevitable." It is just that kind of optimism and vision that has made small businesses such powerful engines of growth. ■

The Nobodies Meet the Misfits

Workaholic Eagles vs. *ragtag Raiders in the Super Bowl*

Dick Vermeil, 44, is a very determined man. When the coach of the Philadelphia Eagles was a player at California's Napa College in the 1950s, he cracked his ankle and hobbled on crutches for a week before a big game. When the day came, he could not stand being away from the action, so he suited up just to sit on the sidelines. Within minutes, his coach scanned the bench, looking for a man to replace the quarterback. Vermeil went in and played the entire game on a broken ankle.

Eagles' Vermeil hugs Carmichael

Al Davis, 51, is a very determined man. The managing general partner of the Oakland Raiders was one of the architects of the American Football League. As A.F.L. commissioner in 1966, he put together the merger that stopped a disastrous bidding war with the N.F.L. and led to the creation of the Super Bowl.

On Sunday, Vermeil and Davis will square off for Super Bowl XV in New Orleans. Each brings with him a team that mirrors his own personality. Vermeil's Eagles, this year's N.F.C. champions, are the inheritors of his pay-any-price work ethic, a squad with no well-known stars that has been forged into an efficient football machine. The Oakland Raiders, the A.F.C. champions, are a reflection of Davis and the old A.F.L., a collection of cast-offs and young players who manage, with guile and grinding tenacity, to survive in spite of the odds. In a Super Bowl shadowed by ticket-scalping scandals and lawsuits over the Raiders' proposed move to Los Angeles, the matchup between Davis and Vermeil is more than a football game. It is a clash of styles.

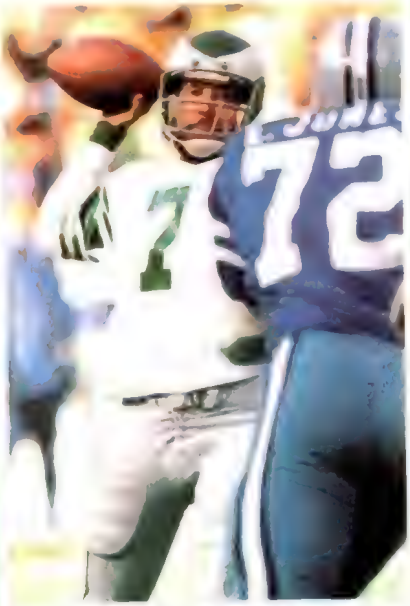
In 1960, when the Eagles last played for an N.F.L. championship, there was no Super Bowl, the A.F.L. was in its first season, and the indestructible Chuck Bednarik was on the field for the full 60 minutes, playing center on offense and linebacker on defense. The Eagles won their game against Vince Lombardi's Green Bay Packers. But the Philadelphia franchise quickly fell from glory. After a decade and a half near the cellar, Owner Leonard Tose brought in a hard-eyed young coach from U.C.L.A. to revive the team

Wilbert Montgomery cuts loose

At his first training camp, Vermeil served notice that the Eagles were going back to bedrock, Bednarik style. Practices were suddenly twice as long as usual. Rules were rigid. Shell-shocked rookies and veterans alike crumpled under Vermeil's salt-mine regime. In the first ten days, a dozen players walked out of camp. Vermeil remained unfazed: "They don't take the Marines and train them on the beach with ice cream in their hands and then tell them to fight. We're preparing these guys for eleven individual wars. That's what it amounts to."

Vermeil scoured the draft's late rounds and sifted free-agent and waiver lists for overlooked talent. With a roster of names only their mothers would recognize, Vermeil forged a team as iron-willed as himself. His brother Al Vermeil recalls: "When Dick was in college, he would get up for an 8 o'clock class, be in school until 4 p.m., work from 4 p.m. until midnight in Dad's auto mechanic shop, study from midnight to 3 a.m., then go to bed and get up at 7 a.m. and start over again. He developed the ability to push on." He, in turn, taught the Eagles to push on. Says Tight End Keith Krepfle: "He tore us down mentally and physically and then built us up together. We all had the common experience of hard work. And Dick worked harder than anybody. The details, the little things he went over. All I can say is, we've paid our dues."

Slowly, patiently, Vermeil put his team together. Quarterback Ron Jaworski was acquired from the Rams for his strong arm. Running Back Wilbert Montgomery, passed over until the sixth round because of calcium deposits in a thigh, has emerged as one of the league's flashiest runners. As the team started its comeback, Wide Receiver Harold Carmichael

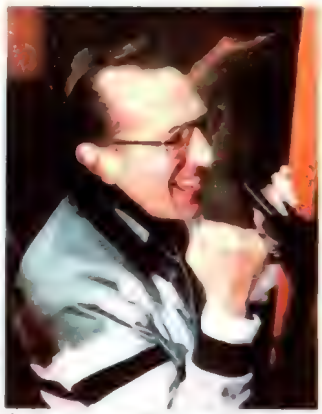


Barefoot Kicker Tony Franklin follows through; Quarterback Ron Jaworski flings

Photographs for TIME by George Tiedemann

set an N.F.L. record for receptions in 127 straight games, and Kicker Tony Franklin proved that barefoot boys can make it in the N.F.L. The Eagles defense is football's stingiest. In the N.F.C. championship game against the Dallas Cowboys, Philadelphia held usually lethal Running Back Tony Dorsett to just 41 yds., held Quarterback Danny White to 127 yds. passing, and won 20-7.

Vermeil has made sure his team will be ready for the Raiders. When the Eagles leave Philadelphia this week for New Orleans, Vermeil will set up a rerun of training camp. Super Bowl hoopla leaves him unimpressed: "I don't give a damn for parties, ceremonies, celebrations. To me, there's only one way to enjoy a football game, gentlemen, and that's to win it."


Oakland General Partner Al Davis

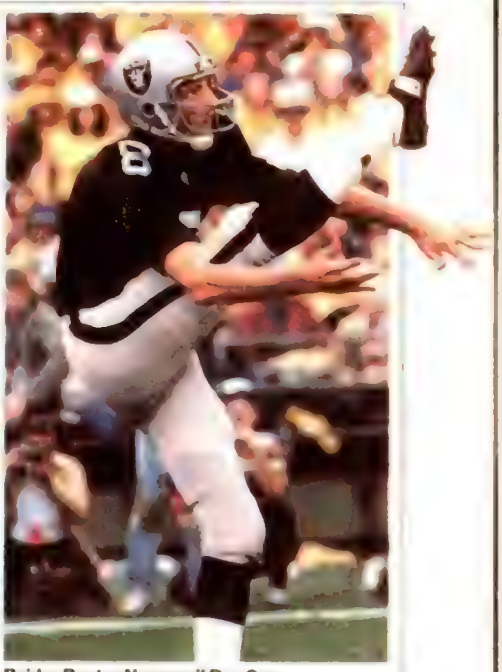
There are many ways to win football games, and no one has mastered as many as Oakland's Al Davis. During his 18-year tenure, the Raiders have amassed the best regular-season winning percentage in football, suffering a single losing year and missing the playoffs only three times. Depending on the talent available, the Raiders have won with the run, with the pass, with defense and with kicking—especially the punting of Ray Guy, the first kicker ever chosen in the first round of the draft. Oakland has picked up players washed up at other teams, like Quarterback Jim Plunkett, and players other teams had washed their hands of, like Linebacker Ted Hendricks, and they have thrived. Such rehabilitations have embarrassed more than one team. Says Cleveland Coach Sam Rutigliano: "I won't trade with him, and when we shake hands, I check to be sure I still have five fingers." Davis' retreads and rejects are fiercely loyal to the man who saved their careers. Says Defensive End John Matuszak: "Oakland was my last shot. Al Davis decided to help this kid out. I'll never let him down."

The Raiders were expected to finish last in the A.F.C. West this season, and after losing three of their first five games, seemed out of the hunt. Then Plunkett, the former Heisman Trophy winner from Stanford who had watched his injury-studded professional career unravel on other teams, stepped in to replace injured Dan Pastorini. The Raiders began to roll. In an amazing late-season rush, they won twelve of 14 games, outscoring the high-powered San Diego Chargers in the A.F.C. championship game, 34-27.

But the drama on-field has been tame compared with Davis' off-field actions. He tried to shift his franchise last spring to the more commodious Los Angeles Coliseum, but N.F.L. owners refused to approve the move. Angry at being spurned after ten straight years of sell-out crowds, Oakland and then the N.F.L. sued in state court to make the Raiders stay and play by the bay. The Los Angeles Coliseum Commission and the Raiders then sued the N.F.L. in federal court for the right to take flight in the night.

Pretrial mudslinging has even reached the posh offices of Commissioner Pete Rozelle, whom Davis charged with scalping tickets to last year's Super Bowl. Rozelle vehemently denies this, though he admits selling a dozen tickets at face value to a travel-agency director who resold them as part of Super Bowl tour packages. The scalping charge is the latest round in a long-running feud between Davis and Rozelle, czar of the merged leagues. Rozelle has refused comment, but Davis is less restrained, saying: "I think he's corrupt."

Rozelle's admission has led to revelations that team owners, officials, coaches and players throughout the league have been selling their complimentary tickets to scalpers at huge profits. Each of the contending Super Bowl teams receives 22½% of the available tickets for its fans (a total of about 16,000 seats in New Orleans' 71,330-seat Superdome), while the remaining 26 teams split some 40% of the tickets (the rest go to corporate sponsors and TV networks). As much as six months before the game, scalpers will visit training camps to line up a "ticket captain," who serves as a clearinghouse for men with suitcases full of money who come to claim the coveted extra ducats. This year, such profit-taking has driven the price of a $40 seat up to as much as $400.


Raider Punter Nonpareil Ray Guy

Will Super Bowl XV be worth $CD, or even $XL? To avid Philadelphia and Oakland fans, probably so. But to most N.F.L. observers, there is a ticket worth even more: a front-row seat when Al Davis and Pete Rozelle meet in court next month. —*By B.J. Phillips. Reported by Gordon Forbes/Philadelphia and Paul Witteman/Oakland*

Quarterback Jim Plunkett passes; Running Back Mark van Eeghen scores

Photographs for TIME by Ken Regan—Camera 5

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Another Barrier to Pregnancy

Hey, Casanova, the cervical cap is no lemon

Though the Pill and intrauterine device are among the most effective ways of preventing pregnancy, increased concern over their side effects has led many women and their partners to switch to the less hazardous "barrier" contraceptives, the condom and diaphragm. Now interest is reviving in yet another barrier device, the centuries-old cervical cap.

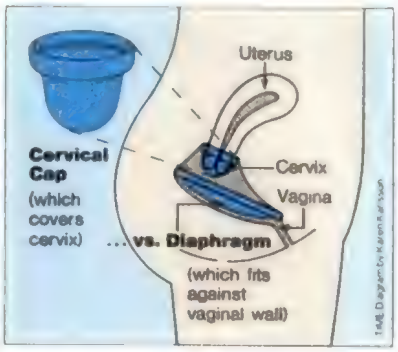
Like the diaphragm, the cap works by preventing sperm from migrating from the vagina to the uterus and then to the fallopian tubes, where conception occurs. The diaphragm is a thin rubber shield held in place against the vaginal wall by the tension of its springy rim. The cap is a thicker, thimble-shaped rubber or plastic cup that fits snugly around the neck of the uterus, the cervix, and is kept in place by suction. Both devices are used with spermicidal cream or jelly.

Cervical caps have a long and colorful history. Women in the ancient Far East covered the cervix with cups molded of opium or oiled silky paper. In the 18th century, Casanova advised women to use halves of squeezed lemons. The modern version was developed in 1838 by F.A. Wilde, a German gynecologist. It gained widespread acceptance in Europe but never caught on in the U.S., although it was thought to be as reliable as the diaphragm. A major reason: Birth Control Pioneer Margaret Sanger championed the diaphragm.

The cap does have drawbacks. It can be difficult to insert and remove, especially for women with long vaginas. But the cap has a decided advantage over the diaphragm: it can be reliably left in place for several days (against hours for the diaphragm) and thus affords greater sexual spontaneity. There is even promise of a cap that could be worn for years. In Chicago Gynecologist Uwe Freese and Dentist Robert Goepp are experimenting with custom-fit devices that have a one-way valve to allow menstrual blood to escape automatically.

Feminist health clinics, which have spearheaded the revival of cervical caps, say the device has received impressive notices. Iowa City's Emma Goldman Clinic for Women has fitted 700 caps since 1978, and reports that over half the clients using barrier contraceptives select the cervical cap.

The Food and Drug Administration has designated the cap an "investigational device." Beginning this week, caps will be available only to women enrolled in research studies. The agency notes that no major published work on the caps' safety and effectiveness has appeared since 1953. Says Dr. Lillian Yin of the FDA: "We just don't know if there will be a problem with abrasion of the cervix, and we don't know what will be the rate of infection or the long-term problem with tissue erosion." But critics charge that the FDA is being overcautious. Dr. D.J. Patanelli of the National Institute of Child Health and Human Development, which will sponsor a three-year study of cap and diaphragm use in 2,400 women, finds their impatience hypocritical. Says she: "The people who are complaining are the same ones who yelled at the FDA for not requiring more studies on tampons. Either they want the FDA to protect them or they don't." ■



Capsules

HAIR TODAY, GONE TOMORROW

For brooding baldies who have spent fortunes on useless hair-growing potions and lotions, hope seems to recede as steadily as their hairlines. But now comes word that a respected pharmaceutical firm, the Upjohn Co. of Kalamazoo, Mich., is investigating a chemical that could lead to development of the first successful hair restorer. The drug's name: minoxidil.

Upjohn, which developed minoxidil as a treatment for severe high blood pressure, stumbled on its potential gold mine when clinical trials indicated the drug had a peculiar side effect: growth of hair on the body, face and scalp. Most intriguing, the hair-raising effect extended to the pates of men supposedly irreversibly bald. The drug is too powerful to be taken internally by people not suffering from severe hypertension, so Upjohn is now experimenting with a topical lotion. The first tests, with balding inmates at the state prison in Jackson, Mich., proved inconclusive. Further studies are being done at Massachusetts General Hospital in Boston and by the Orentreich Medical Group in New York City. Says Dr. Ron Rizer of the New York team: "The aim is to control skin absorption in order to limit the drug's systemic effects, while retaining the hair-growing properties."

Researchers stress that the work is in the preliminary stages and a surefire treatment for baldness a long way off. Says Dr. Anthony Zappacosta of Bryn Mawr, Pa., who prescribed the drug for several patients, some of whom were bald: "In most cases hair grows on the scalp for about eight weeks, attaining normal thickness and a length of around three-quarters of an inch. Then it falls out, and the growing process begins again." Such hair today, gone tomorrow results do not bother some medical students. They reportedly have been rubbing a crude minoxidil lotion on their thinning peaks.

SMOKE SIGNALS

Determined to have their weed and smoke it too, many tobacco aficionados have been switching to low-tar, low-nicotine cigarettes. As long as they do not smoke more or inhale more deeply, these converts may be better off—but not much. The U.S. Surgeon General in his annual survey of smoking reported last week that low-yield brands reduce the risk of developing lung cancer only slightly, and heart disease, emphysema and bronchitis not at all. There is also a new worry. To enhance the cigarettes' weaker flavor, manufacturers have been using additives, some of which, like cocoa, turn into cancer-causing substances when burned. More bad news was contained in the British Medical Journal. A 14-year study of 265,000 Japanese men and women concluded that a husband who smoked 20 cigarettes a day doubled a nonsmoking wife's chance of dying of lung cancer.

But there was some good news, too. Surveying about 17,000 high school seniors every year since 1975, University of Michigan researchers found that the number of students smoking daily has dropped by more than one-fourth in the past three years. Reasons: heightened peer disapproval and increasing concern about health

WEIGHING DIETS

Popular wisdom has it that diets that are relatively high in protein are nonfattening. But that assumption may be wrong, suggests a study from the University of Virginia. Two groups of adult rats were fed the same number of calories for nine weeks. One group received 25% of its calories from protein, the remaining 75% from fats and carbohydrates; the other group got only 5% of its calories from protein. The surprising finding, reported in *Science:* the rats receiving the high-protein mix gained twice as much weight. Moreover, fat accounted for nearly 24% of body weight in the high-protein rats, compared with only 16% in the low-protein group. ■

Newswatch/Thomas Griffith

Offense, Defense and Cheap Shots

Washington columnists are not like pro football players —a new team does not come trotting on the field whenever it is time to shift from offense to defense. Our mud-splattered veterans stay in the game.

With the change of Administrations, some attackers in the press are now practicing the unfamiliar arts of defense. It's not easy for someone like Conservative George F. Will, the most literate of Washington columnists. Thoughtful, astringently witty and rather young for a seasoned oracle (39). Will once called Carter perhaps the most dangerous President since James Buchanan. On their first postvictory visit to Washington, the Reagans went to dinner at the Wills' in Chevy Chase. This inspired Garry Trudeau to a cutting *Doonesbury* cartoon. In a column last week Will good-humoredly noted: "Fearful rumors are afoot that I may abandon the columnist's basic stance of thorough disapproval of all conduct but his own." The dinner "was a small matter, but large enough to fill to overflowing the minds of some people ... Will this columnist be as critical of Reagan's Administration as he was of Carter's? ... I certainly hope not."

George Will then proceeded to ignore Walter Lippmann's valedictory advice to the press ("Put not your trust in princes"). Will questions the cynicism that "the only way for a journalist to look at a politician is down"; instead, "to have intelligent sympathy for them, it helps to know a few as friends." This is an attitude admired in the social precincts of political Washington but unfashionable elsewhere.

William Safire is playing it differently. Having emerged from Nixon's White House bunker to become Washington's most effective journalistic scourge of the Carter Administration, Safire now envies his liberal colleagues, Mary McGrory and Anthony Lewis: "They're lucky guys, with a new lease on life. To be on the attack is to be more readable." Though Safire describes himself as "a right-winger," never underestimate his fondness for creating a stir. In one column he savaged Reagan's new Attorney General, William French Smith, for attending a 65th birthday party for Frank Sinatra. It was bad enough, Safire wrote, for Reagan to turn to Sinatra for fund-raising help and to put him in charge of Inaugural entertainment, but for an Attorney General to involve himself with "a man obviously proud to be close to notorious hoodlums is the first deliberate affront to propriety of the Reagan Administration."

That rattled the ice cubes among Reaganites celebrating their victory. When Safire introduced himself to Smith at a party, Smith upbraided him: "What a cheap shot!" But then, Safire reported triumphantly, "to a partygoer who was recently elected President of the United States, I mentioned in sadness that I had felt it necessary to zap his lawyer in print. 'Yeah, I know,' Mr. Reagan responded. 'We've heard those things about Frank for years, and we just hope none of them are true.' That was all—no huffiness, no bristling, no protestations of violated virginity."

Safire insists that conservatism is not a "troglodytic monolith" and that "fortunately there will be enough internal fighting" to satisfy a scrapper of his style. Just how brutish such fighting can get can be seen in a column by Rowland Evans and Robert Novak that deserves to be studied in journalism schools. Never ruminative like Will, they are columnists who air their opinions in the guise of reporting. The story they were reporting was simple enough: Reagan's new Defense Secretary, Caspar Weinberger, wanted as his deputy Frank Carlucci, who had worked in Government with him before. Right-wingers fought the appointment, but lost. Now hear Evans and Novak tell it:

"Unease within the defense community over Caspar Weinberger has blossomed into panic," their column began. Weinberger "has booted out 'Reaganaut' military advisers, trashed their recommendations and at least opened the door for soft-liners." Carlucci's appointment is "the visible tip of concealed events ... The most charitable explanation is that this is no conspiracy but the product of Weinberger's nearly total ignorance on defense questions ... But assuming Weinberger finally learns the names and issues involved, he has lost valuable time in revising defense spending ... That may well prevent any Reagan hurry-up plans for accelerated spending in the current fiscal year."

Whew! A Defense Secretary soft on defense. Furthermore, Evans and Novak wrote, one William Howard Taft III "incredibly ... has wound up on the list for the department's No. 3 post," though he has been known to confer with a Government official "whose views generally coincide with Senator George McGovern's."

Right-wing infighters put out stuff like this, but why do Evans and Novak (whose column appears in 275 newspapers) send it out as their own? The language ("blossomed into panic") is as clumsy as the innuendoes are nasty. Cheap shot more suitably describes this kind of journalism.

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This Is the Way the World Ends

SCANNERS *Directed and Written by David Cronenberg*

We are at the headquarters of CONSEC—one of those multinational, virtually preternatural corporations that specialize in almost everything—where an unusual lecture-demonstration is about to take place. The subject: "scanners," people whose telepathic power enables them not only to read but to control another's mind, and destroy the body attached to it. The lecturer, a mousy older man whose head is the size, shape and texture of a bowling ball, has called for a volunteer to demonstrate the power. After a moment, a rugged fellow in his 30s agrees to participate. "Think of something specific and personal," says the lecturer. The younger man agrees and the two men stare ahead, rapt in concentration. But something is wrong. As the young man narrows his gaze, the lecturer shows signs of agitation, of discomfort, of pain, agony —*sploooosh!* The bowling-ball head explodes, the meeting ends in panic, and the young man—who we now realize is a renegade scanner—vaults out of the room.

In David Cronenberg's films, things are always going *bump!* or *aarrgh!* or *sploooosh!* in the night. With *They Came from Within*, *Rabid*, *The Brood* and now *Scanners*, Cronenberg, 37, has joined the estimable company of John Carpenter and George Romero as a low-budget mahatma of the macabre. Like Carpenter's *The Fog* and Romero's *Dawn of the Dead*, Cronenberg's movies are hip parables of contemporary moral malaise, in which ordinary people are infected by a malignancy as invisible and pervasive as the most swinish flu virus. As his vision aged, like rancid fruit, the malignancy crept closer to home. In *They Came from Within*, it was a small, snouty bug, transmitted from mouth to mouth during sex. In *Rabid* it was a bloodsucking organ that sprouts from the carrier's armpit. In *The Brood* and *Scanners* it is the mind itself, splitting the nuclear family and precipitating a psychic apocalypse.

Horror buffs rarely debate metaphysics: they want a director to deliver the chills-down-your-spine, heart-in-your-throat, you-can't-watch-but-you-daren't leave goods. Cronenberg delivers. When the body of one of his characters turns on its owner, it does so with a sanguinary vengeance. In *Scanners*, the Force flings men against walls, drives them to shotgun suicide, creeps inside their muscles and works its way out. This last special effect is a gloss of the sequence in *Altered States* in which William Hurt's face and arms assumed grotesque simian form (Makeup Wizard Dick Smith worked on both films), but Cronenberg goes beyond *Altered States*, be

Jennifer O'Neill in *Scanners*

A hip parable of modern moral malaise

Alive with pleasure!

Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health

17 mg. "tar", 1.2 mg. nicotine av. per cigarette, FTC Report January 1980.

yond fantasy and physiognomy, for a climax that is literally mind blowing.

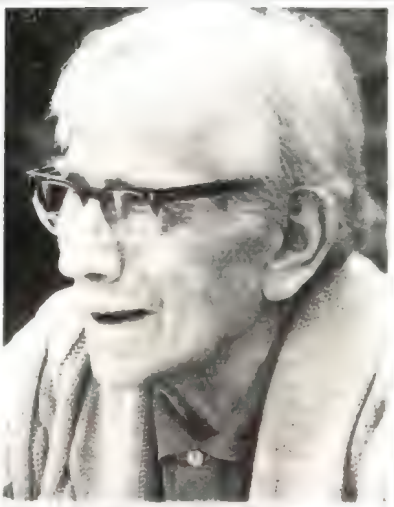
Cronenberg is a genuine writer-director—a man of vivid ideas and images. He can sculpt extravagant premises into scary narratives; he can clothe his plots in sinuous camera movements and dynamite film tricks. What he cannot do is write or direct convincing dialogue. Sophisticated actors tend to sound silly when they deliver his messages: in *Scanners*, Hero Stephen Lack is too hammy, Evil Genius Patrick McGoohan too wry. But pleas for Old Vic or New Hollywood performances miss the point. If Lack, McGoohan and Heroine Jennifer O'Neill act like mannequins in a punk boutique window, fine. At any moment—at least in a David Cronenberg movie—the figures could escape to the street, walk up to you and *bump! aarrgh! sploooosh!* —**By Richard Corliss**

With a Simper

TELL ME A RIDDLE
Directed by Lee Grant
Screenplay by Joyce Eliason and Alev Lytle

This is the way Eva's world ends, not with a bang but a simper. She is an aged immigrant, almost totally withdrawn from husband and family, living immersed in memory and in imaginary dialogues with great literary and political figures of history. Stricken by cancer, she is taken on a farewell visit to children and grandchildren, reaching a final resting place in the San Francisco pad of a hippy granddaughter. Eva finds in the girl an echo of her own past, and she makes some inarticulate efforts to pass on her heritage. But as played by Lila Kedrova, the old woman mostly seems merely gaga. It is sometimes hard to determine whether her grimaces are meant to convey joy or pain or simply the frustration of an actress trying to find a part that no one quite bothered to write out for her. The doughty trouper Melvyn Douglas, playing her husband, seems similarly afflicted. Both performers are the victims of Lee Grant's direction, which is diffident and lacks both élan and a clear viewpoint.

The problem here is a familiar one: reverence for a literary source, a delicate novella by Tillie Olsen, has rendered its adapters dumb-struck. Trying to remain faithful to her realistic surfaces and unable—except through uninformative flashbacks—to reveal the inner workings of Eva's sensibility, the film makers have avoided anything that might be melodramatic or even openly emotional. All the suffering in *Tell Me a Riddle* is thus stoic, all triumphs without joy. Movement is glacial, dialogue wooden, characterizations blurred. One has a feeling that this project—brought to fruition without the financial support of the film industry, by three young woman producers who love



Melvyn Douglas in *Tell Me a Riddle*

An adaptation dumb struck by reverence

the Olsen work—is faithful to the letter of the book, but heedless of the need to give the story a freer, less cautious life in a new medium. What sympathy one feels for the attempt to solve difficult problems of translation is soon submerged in a tedium that could be dangerous. A couple more minutes of this stuff could lead to *Altered States*—or anyway, to trying to remember where it, or some other lively yarn, is playing. —**By Richard Schickel**

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10, 9, 8, 7, 6...

A CHANGE OF SEASONS
Directed by Richard Lang
Screenplay by Erich Segal, Ronni Kern, Fred Segal

One begins to wonder: Do people in Hollywood have affairs? In the year of *Serial, Middle Age Crazy, Loving Couples* and now *A Change of Seasons*, one begins to think not. If they did, then surely some of the wry worldliness of the French, who have always known how to make movies about affairs, would creep into the American equivalent. That's what these stories of middle-aged, middle-class sexual adventure require. Instead, the guilts alternate with the smirks, and the only acceptable mood in which the characters may venture forth is a tiresomely adolescent one.

In *A Change of Seasons*, Anthony Hopkins plays a glum college teacher having an affair with one of his students (Bo Derek, who is splendid-looking, of course, but whose blankness of eye and manner makes one long to see her admission test). When his wife (Shirley MacLaine) discovers this lapse, she immediately takes up with a young carpenter (Michael Brandon), whose brain has been dulled by an overdose of Consciousness III. Soon they all edgily repair to a country house. There they scandalize the married couple's daughter, who drops by with some problems of her own, and Derek's father, who is a roué of a more traditional, but hardly more joyous sort. In the end, things work out rather badly for all concerned.

Anyone going to see *A Change of Seasons* should not be late; the title sequence offers some fetching glimpses of Derek nude in a hot tub—a sort of "10"-type poster that moves. Beyond that, the film is adequately summarized by one character, who complains of being caught up in "a sleazy farce." —*R.S.*

Derek in *A Change of Seasons*

Do people have affairs in Hollywood?

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David Hartman, the perfect host

Good Morning Joan
Meet Joan Lunden and some very special guests

Good Morning ABC News
First news of the day with Steve Bell

Good Morning Weather
John Coleman is not just a fair-weather friend

Good Morning Health
What's new in medicine with Dr. Tim Johnson

Good Morning Entertainment
Ruth Batchelor talks to—and about—the stars

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Sociobiology's Vaudeville Team

E.O. Wilson and a young colleague survey genes and culture

One of the noisiest academic squabbles of the 1970s swirled about the teachings of sociobiology and its best-known preacher, Harvard Entomologist Edward O. Wilson. According to sociobiologists, some human behavior is under the sway of genetics: it evolves, the way anatomy and body chemistry do, to increase the chances of survival of the species. As if that idea were not controversial enough, Wilson introduced it to the public in a particularly unfortunate way: his 1975 book, *Sociobiology, the New Synthesis*, had 26 tightly reasoned chapters focusing on animals and one wildly speculative one on humans—the sort of section that publishers love to include and most academics have the sense to omit.

That chapter casually lumped together a number of contentious suggestions: that the traditional sexual division of labor (and by implication, male dominance) is a genetic fact; that humans have a limited amount of time left to understand their social evolution and control it; that it might be time for ethics to be "removed temporarily from the hands of the philosophers and biologicized."

Wilson's next book, *On Human Nature*, a sensible 1978 rewrite of the inflammatory generalizations of *Sociobiology's* last chapter, won a Pulitzer Prize but violated the first law of campus advancement: no book written in plain English has ever forwarded an academic career. Now Wilson has corrected that fault. *Genes, Mind and Culture*, written with a young Canadian theoretical physicist named Charles Lumsden and to be published in May, is a heap of jargon and theoretical math that runs scant risk of being widely understood. For instance, at one point the authors somberly produce a formula

$$P(n_1, t) = \binom{N}{n_1} p(t)^{n_1} (1 - p(t))^{N - n_1}$$

purporting to show how women's fashions change.*

Lumsden, 30, and Wilson, 51, teamed up two years ago. Lumsden had finished his doctoral work at the University of Toronto on theories of organization in physics and biology and wanted to do some calculations on insect societies, Wilson's specialty. After some correspondence, the two men decided to shelve the insect project in favor of a more ambitious scheme: a mathematical model of the relation between genes and culture. Lumsden knew brain science and cognitive psychology. Wilson knew biology and sociobiology. "It was serendipitous," says Wilson. "We were going back and forth like a vaudeville team for two years."

Wilson and Lumsden with an African ceremonial mask at Harvard's Peabody Museum

Fear of strangers, the endless staircase of evolution and the thousand-year rule.

Like all sociobiologists, the authors think genes play a hitherto unsuspected role in much human behavior. Examples:

▸ Fear of strangers. Some sociobiologists think such fear is a built-in mechanism that helps explain patriotism and even racism. It is, say the authors, a form of "prepared learning" in which infants about six months to 18 months old shy away from unknown adults.

▸ Fear of snakes. Despite what Freud thought, ophidiophobia is a "general primate trait" that results from the interaction of genes and environment.

▸ Community size. In a study of the primitive Yanomamo people of Venezuela and Brazil, Anthropologist Napoleon Chagnon found that when a village grows to between 80 and 100 people, it begins to break apart in strife. Wilson and Lumsden believe there may be a built-in tendency to prefer a community no larger than 100. One possible corollary not spelled out by the authors: the tension and crime of cities may be partly explainable in terms of a general trait favoring smaller communities.

Wilson and Lumsden do not believe that genes control behavior directly. Rather, genes influence cultural development, which in turn influences genes in an "endless staircase" of evolution. Says Wilson: "We're suggesting that there is a mechanism which one sees driving evolution continuously around the circuit: genetic change, cultural change, genetic change and so on."

The authors' favorite example of this is the human tendency to avoid incest; they say that a genetic predisposition to avoid incest has been reinforced by various taboos in myth, ritual and religious practices, and finally by the demonstrable fact that people who shun inbreeding produce healthier children. At any step along the way, the authors point out, free will can overcome the taboo. But that does not happen very often, they add, because of the predisposition against incest. Israeli Anthropologist Joseph Shepher found that children raised in a kibbutz almost never marry within the group. To Wilson this is a cultural expression of the built-in push against incest: "It is exactly the sort of thing one would expect from basic evolutionary theory."

Wilson thinks sociobiology is still in a primitive stage. In attempting to produce a mathematical model, he says, "we are able to handle only the simplest cases at this point, incest and maybe a few others. We see our way to handling more complex cases down the line, but that is going to be enormously difficult."

As a result of their mathematical work, the authors conclude that fairly rapid genetic change is possible. Experiments with chicks show that significant changes in perception of color can be produced in as few as five generations of rigid breeding control. Lumsden and Wilson think that significant genetic change among humans probably takes 20 to 30 generations. That idea, with its uncomfortable echoes of Nazi eugenics, may further inflame Wilson's many critics. All the more so because of the name the authors have given such change. They call it "the thousand-year rule." —*By John Leo. Reported by Ruth Mehrtens Galvin/Boston*

*The formula for the probability (P) that at any time (t) in history a certain number of women (n_1) are using a particular style.

Ancient Gifts from the Sea

Fifth century B.C. masterpieces saved by sand and science

Thrusting out of the sea bottom, the hand on the sinewy forearm was reaching beyond the abyss of time. Two swimmers spotted it while diving off a beach at Riace Marina, a resort in Reggio Calabria on the toe of the Italian boot. Their find was not far offshore (about 325 yds.) or in very deep water (less than 26 ft.). But it turned out to be astonishingly distant in age: about 24 centuries, in fact. Experts quickly uncovered a 990-lb. life-size bronze figure of a warrior. Near by they found a second bronze of similar heft and warlike dignity.

That was eight years ago. Very soon it was determined that the statues were an important find: almost certainly works of Greek sculptors of the 5th century B.C., a period from which few large bronze sculptures have survived. Now on display for the first time, in the Archaeological Museum in Florence, these magnificent bronzes also stand as tributes to the art of their restorers.

SUPT. ARCHAEOLOGY OF TUSCANY

Head of bronze statue before restoration

Sculpture restoration is delicate work: a slip of a tool can destroy craftsmanship that has survived thousands of years. Restorers at the National Museum of Reggio Calabria kept the statues for three years and cleared them of superficial dirt. But to remove encrusted sand, gravel and stones, the prizes were shipped to the Archaeological Museum in Florence. Experts there spent five years employing special scalpels, tiny hammers driven by compressed air and a new, ultrasonic cleaning technique to remove the remaining detritus. What had saved the works, besides the restorers' loving labors, was the sand into which they had sunk: it protected the pieces from corrosion.

The best known among the few bronzes that survived from this period are the *Poseidon* in the Athens National Archaeological Museum and the charioteer in Delphi. In their restored state, the two statues at the Florence museum rank with this select company. Scholars and amateurs alike have been fascinated by both the perfection of the preservation and the skill of the statues' creators, as reflected in such details as the whorls of a beard, the braids of a headband, the shiny, silver-plated teeth and the copper lips, eyelashes and nipples.

Giuseppi Foti, Reggio Calabria's superintendent of antiquities, is preparing to take back these Greek gifts from the Ionian Sea and has been working on what he hopes will be the definitive fix on their authorship and origin. Among Foti's theories, the most probable could be that a Roman ship returning from plundering Greece was caught in a storm, and the statues were jettisoned to save the vessel from foundering.

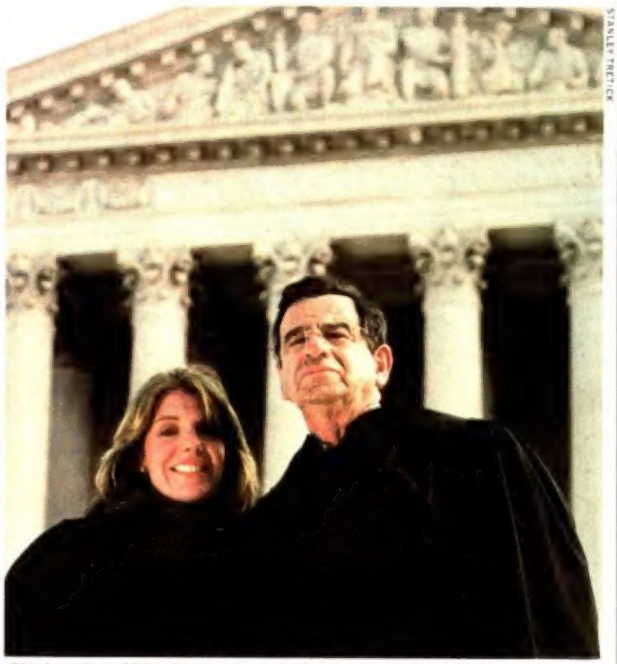
Foti thinks the statues must date from not much later than the Archaic period, which ended in 450 B.C., since their posture is the typical Archaic stance, with the left foot forward. The bronze alloy is typical of that period. But the delicacy and realism of the detail and the elaboration of musculature suggest that the sculptors were already moving toward the exquisite modeling that became the glory of classical Greece in the age of Pericles.

Florence University's Professor Enrico Paribeni is particularly fascinated by the headbanded statue: "It is so heroical, so full of itself, so mightily angry with its huge silver teeth—you could not live with it in your room. It emanates such a vivid presence that it is practically intolerable." He recalls a legend that Locri, a Greek colony near where the statue was recovered, was founded by Ajax Minor, a violent Greek hero who, on the night before the fall of Troy, reputedly raped Cassandra upon the altar of the goddess Athena. What Paribeni believes, or would like to believe, is that the statue retrieved from the sea represents that "dreadful, bad hero, Ajax of Locri." So far, nobody has said him nay. —*By A.T. Baker*

DAVID LEES

Warriors' progress: torso of figure during cleaning; fully renovated works displayed in Florence museum; detail showing silver-plated teeth

People



STANLEY TRETICK

Clayburgh and Matthau taking a judicial look at Washington

Those folks in the choir robes are **Jill Clayburgh** and **Walter Matthau** in a scene from their new film *First Monday in October*, due out this fall. In the movie, named after the first sitting of the high court each autumn, Matthau, 60, plays a crusty, liberal Supreme Court Justice. Clayburgh, 35, portrays a conservative Californian who becomes the first woman appointed to the high court. Though Matthau gets entangled in legal briefs, *First Monday* will be one of the few films in which he will not pad around in an undershirt and boxer shorts. In fact, for shots outside the Supreme Court Building in Washington, D.C., he and Clayburgh judiciously wore down jackets underneath their robes. Says she: "We might look like stuffed pigs, but it was freezing out."

■

"I know what's fashionable. I can feel it in the air," sniffed **Paloma Picasso.** Who could argue? With parents like Painters **Pablo Picasso** and **Françoise Gilot,** good taste seemed to run in her genes. Born the year her father designed his now famous dove for the Communist World Peace Congress (her name is Spanish for dove), Paloma, 31, is now recognized for her own international body. This year she was named to the International Best-Dressed list. But at the opening of a display of Ch'ing dynasty costumes at New York's Metropolitan Museum, she revealed more than an acquired palate. As she made her entrance, Paloma artfully arranged her dress to accent the family lines. Her décolletage caused almost as many tuts as a noted recent exhibition, but Paloma was unruffled. Huffed she: "It was a simple black dress—it didn't show anything that shouldn't have been shown."

BILL GILLETTE

Fonda hankering for Omaha

He had not intended to make acting his profession. As far back as 1926, he confided to a reporter from his Omaha high school newspaper: "It's just a hobby." But at the urging of Actress **Dorothy Brando,** who was then raising Baby **Marlon,** young **Henry Fonda** had joined the Omaha Community Playhouse and soon had the leading role in *Merton of the Movies.* Over the next half century, his "hobby" took him to Hollywood and well beyond, but his heart remained in Omaha. In 1955, along with Daughter **Jane Fonda,** who was then making her acting debut, he starred in an Omaha production of *The Country Girl* that raised money for the playhouse's current building. Earlier this month, Papa Fonda, 75, went home again, this time for a film tribute and reunion, and some 500 old friends packed the playhouse. "I have deep roots here," Fonda said, "and I love to come back."

Picasso and Husband Rafael Lopez-Sanchez at the Metropolitan

BOB GELLER

Butterfly McQueen was not beautiful, but she had a quirky presence that impressed Producer **David O. Selznick.** He gave her the role of Prissy, Scarlett O'Hara's neurasthenic maid, in his 1939 production of *Gone With the Wind.* As Atlanta burned, Butterfly gave haunting memory to the line: "Miss Scarlett, I don't know nothin' 'bout birthin' babies!" Looking as fresh and freckle-faced as ever, Butterfly and her quavery drawl have now returned to Atlanta. Still a part-time playground assistant in Harlem, she will act as hostess for the Gone With the Wind Museum for the next four months. Then, who knows? After all, tomorrow is another day. *—By E. Graydon Carter*

PATRICK A. SHARKS

Butterfly fluttering in Atlanta

On the Record

Tom Snyder, co-host of NBC's *Tomorrow Coast-to-Coast* show, on the difference between himself and fellow Talk Show Host Dick Cavett: "He'll talk with Luciano Pavarotti about opera. I'd like to know what he likes on his pizza."

Shirley Bassey, 43, singer, on performing in Monte Carlo: "The audiences there clap too slowly because they are so loaded down with jewelry, and they're always checking to see if Princess Grace or Prince Rainier are clapping first. By the time they've done that, I'm into my next song."

Bandmaster of the Mainstream

Hit records and a new movie bring Neil Diamond back to basics

The beginning, he remembers now, was a contest. At the age of three, this Coney Island baby stood tall, mouthed selections from *The Marriage of Figaro* as a record played in the background, and pulled down a prize of 25¢.

Thirty-seven years later, the stakes are higher, the rewards are greater, but Neil Diamond is still fronting a big sound. He has written and sung some of the smoothest and best contemporary pop, yet he remains a performer in search of a tradition, a megabucks pilgrim looking for roots he never had and a place in which to settle. Rock really is not his neighborhood; his fur-lined melodies and forthright sentimentality make him stand out among rockers like a Coupe de Ville at a demolition derby. Diamond has been a smash act in Las Vegas, but he is neither as smooth as Sinatra, as cloying as Wayne Newton nor as annoying as Steve Lawrence.

All this difficulty about categorization and definition sometimes gives even Diamond pause. "I fell between two musical generations," he admits. "I love Sinatra and Eddie Fisher. Yet I really loved the Beatles." The only folks who don't seem at all confused—or at least don't care if they are—are the millions of fans who have given Diamond, by his own reckoning, 20 platinum and gold albums and over 30 hit singles, including 1978's *You Don't Bring Me Flowers*, a duet with Barbra Streisand. Diamond loyalists right now are making their boy's latest efforts two of the year's hottest records. *Love on the Rocks*, a typically canny Diamond ballad, is currently No. 2 on the charts, while the album it comes from, *The Jazz Singer*, is fifth among the top LPs. Gratifying as this may be, at least one question remains: How come all the people who are buying *The Jazz Singer* are going in only modest numbers to see the movie?

Diamond's $15 million retooling of the old Al Jolson chestnut is a recklessly schmaltzy, relentlessly retrograde musical that, according to its "surprised and devastated" producer, Jerry Leider, "received 4-to-1 bad notices." Neil, who does not go in for such meticulous and perhaps masochistic tabulations, nevertheless says, "We expected serious critics wouldn't like it. It is not an art movie. It is a modern-day Hollywood musical." Well, as Neil's high school English teacher might have told him back home in Brooklyn, one of those modifiers is inappropriate. The only thing "modern day" about Diamond's *Jazz Singer* is the setting and the overstuffed musical orchestration. All the rest, from story (nice Jewish boy brings down paternal wrath by forsaking tradition and trying to make it big in show biz) to score (love songs, fun songs, even marching songs), is stubbornly vintage. Diamond even pops up in blackface for a fast comic turn; about the only act of Jolson's that he doesn't try is going down on one knee.

TOM BERT

Neil Diamond demonstrating his showman's touch in Los Angeles

Standing out among rockers like a Coupe de Ville at a demolition derby.

Neil had to fight to "tell the traditional story. One studio wanted to take some of the 'old-fashionedness' out of it. They tried to make the father a college professor instead of a cantor." Doing right by the source may in fact have undone the remake, which seems like a slightly fragile pop legend propped up—and perhaps overwhelmed—by a Broadway-style score that sends up a great salvo in the opening notes and goes out with all guns blazing.

It is not hard to understand Diamond's attraction to the material, however, or his heavy emotional involvement with it. There are certain parallels with his own life. Like Jess, the character he plays in the movie, Diamond put aside what was expected of him in favor of what he hoped for. He dropped out of premed at New York University, spent some time as a staff writer for an assortment of Tin Pan Alley companies, then finally rented himself a storage room with a piano and a pay phone and set out to write on his own. He had three hit singles in 1966, one of which, *Cherry, Cherry* is echoed in *The Jazz Singer's* own insidiously catchy *You Baby*. Diamond says, "It wasn't until I began to sing my own songs that I had real success." He married young, like Jess, and like him divorced his Jewish wife to start a new life, as they say in the movies, outside the faith. Neil and the former Marcia Murphey of Columbus have two sons, Jesse, 10, and Micah, 3, and homes in Malibu and Beverly Hills. "It's only in the past ten years that I have been making large salaries," Neil says. "I have a couple of holding corporations behind me."

There is also a fair amount of drama behind him, the sort that did not make it to the big screen. Three winters ago, Diamond collapsed onstage during a concert. Doctors diagnosed a tumor on the spinal cord, and Neil endured a twelve-hour operation and three months in a wheelchair, uncertain whether he would ever walk again.

The low drama and high sentiments of *The Jazz Singer* may be only a glossy reflection of Diamond's life and sometimes troubled times. But the movie does pull off at least one tricky proposition: it finally and snugly tucks Neil Diamond inside a tradition. He is revealed as a rouser, a showman, a kind of bandmaster of the American mainstream. Like Jolson's, even Diamond's slickest movements seem sincere. The stuff may be corny, but it's never prefab. Neil leans into the *Kol Nidre* as if it were a sacred version of his sound-track anthem for *Jonathan Livingston Seagull*. One may question his taste, but not his enthusiasm or his exuberance. *America*, his up-tempo celebration of the immigrant glories of American life that opens and closes *The Jazz Singer*, is equal parts Emma Lazarus and Irving Berlin, and none the worse for it. It is too close to Diamond's heart to be purely sappy. It is a showman's show-stopper, and it is not a bad little tune for a pilgrim, either. —*By Jay Cocks. Reported by Martha Smilgis/Los Angeles*

Veronica Hamel and Daniel Travanti in *Hill Street Blues;* Girl Scouts parading in Harlem; Sarah Badel as Katharina in *The Taming of the Shrew*

Television

Midwinter Night's Dreams

Three new shows to lighten the cold-weather blues

HILL STREET BLUES (NBC). Being the network of Real People has its disadvantages. For the past few years, viewers have shown less interest in the exploits of the characters in NBC series than they have in the perils of its president Fred Silverman. While Silverman's face adorned the front pages, the network's ratings and profits plummeted. Now, though, as NBC finally unveils its new fare, Silverman may have something to crow about. Two shows—*Flamingo Road*, a sultrier *Dallas*, and *Harper Valley P.T.A.*, featuring Barbara Eden in a smile and a wet T shirt—have already buoyed the network's ratings. A third show, which is being tested at 10 p.m. on Thursdays and Saturdays, offers even more. It is a comedy-drama called *Hill Street Blues*, and it is the best new series since *Taxi*.

Michael Conrad

In the '70s, TV opened its cyclops eye wide enough to recognize that Americans don't spend all of their time on the Ponderosa spread or in suburban kitchens. Some people actually work for a living, and those people became the focus for some of TV's finest series: *Mary Tyler Moore, Taxi, Lou Grant, WKRP in Cincinnati* (all by craftsmen who worked for, or had graduated from, MTM Enterprises). In *Hill Street Blues* (written for MTM by Steven Bochco and Michael Kozoll, and directed by Robert Butler), all is motion and commotion; for Hill Street is part of a nameless inner city, and the Blues are the men and women of the local police precinct. Each episode traces a day in the life of the precinct, as the Blues try to defuse street crime, play social worker at knife point, slip out of an octopus stranglehold of red tape, keep their private lives from ending in a singles bar or the divorce court. Sometimes their allies are teenage gang lords who come on like Geronimo crossed with the Blues Brothers; sometimes their toughest adversaries are officers whose tensions threaten to explode in a one-man apocalypse. The show treats those on both sides of the law with respect for their crotchets and obsessions.

Sergeant Phil Esterhaus (Michael Conrad) is a hamhock-faced man in his 50s with a gentle disposition, a teenage girlfriend and an absurdist's command of the bureaucratic vocabulary —"Be reminded: female officers will, according to policy, perform all in-depth searches of female suspects." Howard Hunter (James Sikking) is a SWAT man with a Patton complex; he shoots his way into liquor stores and out of toilet stalls, and warns his boss that "you wouldn't want to be accused of having a bunch of daisies where your cinch belt ought to be." Detective Mick Belker (Bruce Weitz) thinks he's Serpico; everybody else thinks he's psycho. In charge of the carnage and chaos is Captain Francis Furillo (Daniel J. Travanti), a good, strong man breeding an ulcer while trying to do a tough job. At the end of every crisis-strewn day, each superb show, Furillo struggles home in an uneasy truce with his job, his willful woman (Veronica Hamel) and himself. Doubtless, he feels very much like Fred Silverman. Viewers will do him and themselves a favor by visiting *Hill Street* as often as possible.

—By Richard Corliss

THE TAMING OF THE SHREW (PBS, Jan. 26, 8 p.m., E.S.T.) It is a bad sign when a producer feels he must apologize for Shakespeare, but that is precisely what Jonathan Miller does at the beginning of this play, the 13th in the BBC's Shakespeare series. *The Taming of the Shrew* is sexist, he says, but it was, after all, written almost 400 years ago. Miller's patronizing tone may explain the flaw of this otherwise worthy production: it is not fun. The scenery is stunning, the direction fine, and Sarah Badel and John Cleese are engaging as Katharina and Petruchio, the shrew and her tamer. But more might have been expected of Miller, who showed his lively wit in *Beyond the Fringe*, and Cleese, mainspring of the Monty Python troupe. They may be doing a play from the 16th century, but they need not have left their sense of humor in the 20th.

John Cleese

—By Gerald Clarke